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Report on the activities of the Office of Internal Oversight Services

Report of the Office of Internal Oversight Services on the audit of the existing special arrangements governing the recruitment of temporary assistance staff in the language services across the four main duty stations

Summary

Pursuant to General Assembly resolution 62/225, the Office of Internal Oversight Services (OIOS) conducted an audit of the existing special arrangements governing the recruitment of temporary assistance staff in the language services across the four main duty stations, namely, United Nations Headquarters, the United Nations Office at Geneva, the United Nations Office at Vienna and the United Nations Office at Nairobi. Under the special arrangements, temporary assistance posts in the language services are funded primarily by the regular budget through a unique funding mechanism established specifically to supplement the permanent conference-servicing resources of the four duty stations, which, to varying degrees, are programmed below the actual levels that are required and therefore become insufficient, particularly during peak periods.

The conditions of service for language specialists are governed by General Assembly resolutions 59/265, 60/236 B, 61/236 and 62/225, the United Nations Staff Regulations and Rules and the agreements between the United Nations and the International Association of Conference Translators and the International Association of Conference Interpreters.

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Findings

OIOS found that:

- There was no global approach to managing the recruitment of temporary assistance staff in the language services. In addition, there were no clear criteria, guidelines or standard operating procedures for the recruitment and management of temporary assistance staff that could be used by all duty stations. The lack of guidelines and standardized procedures could result in non-compliance with the relevant resolutions of the General Assembly regarding equity in recruitment and the United Nations agreements with the International Association of Conference Translators and the International Association of Conference Interpreters regarding conditions of service.

- Owing to the lack of adequate procedures and the consequent lack of transparency and consistency in rostering and selecting candidates, OIOS was unable to establish whether the recruitment of temporary assistance staff ensured that all language services were given equal treatment and provided with equally favourable working conditions and resources.

- At Headquarters, the Department for General Assembly and Conference Management did not establish appropriate procedures which could be used by all duty stations in determining the professional domicile of temporary assistance staff. As a result, in a number of cases at Headquarters and the United Nations Offices at Geneva and Vienna, contracts for temporary assistance staff were based on local conditions of service even though the staff members were recruited from countries outside the duty stations concerned.

- The pattern of recruitment of temporary assistance staff for the language services at Headquarters and the United Nations Offices at Geneva and Vienna showed that some of the language services preferred to recruit candidates under local conditions of service, mainly because of concerns of managers of the language services about cost-effectiveness and efficiency.

- All four duty stations implemented capacity-planning exercises to determine their requirements for temporary assistance staff. However, there was no global planning process in place and the approach used differed from one duty station to another in terms of, for example, the frequency of planning, the relevance of the data used in the planning and the evaluation of capacity plans.

According to the Department for General Assembly and Conference Management, the observations of OIOS that there was no global approach to managing the recruitment of temporary staff and the related policies and procedures to be used across the duty stations, and that as a result the Department could not ensure compliance with the relevant mandates of the General Assembly, are partially correct. The Department stated that an integrated global management project is a work in progress aimed at coordinating procedures, standardizing practices and sharing resources across four conference-servicing duty stations. This project includes a compendium of administrative policies, practices and procedures that have been compiled with a view to coordinating operations and standardizing practices across the four duty stations. The General Assembly also recognized that the specificities of each duty station have to be respected in order for integrated global management to be successful.

Recommendations

OIOS made six recommendations to the Department for General Assembly and Conference Management: (a) to review and update the agreements with the International Association of Conference Translators and the International Association of Conference Interpreters to ensure their alignment with the relevant General Assembly resolutions and the United Nations Staff Regulations and Rules; (b) to ensure the implementation of appropriate standard operating procedures by all duty stations in determining the professional domicile and hence the conditions of service of temporary assistance staff in the language services; (c) to establish centrally managed rosters of candidates and related standard operating procedures to be used by all language services across the duty stations; (d) to implement centralized guidelines for capacity-planning and evaluation of capacity plans; (e) to address the issue of integrating computer-assisted tools in order to ensure greater interoperability of software used by the language services across the duty stations; and (f) to implement appropriate mechanisms to ensure that the approved workday limits for retirees are not exceeded.

The Department for General Assembly and Conference Management accepted all of the recommendations and is in the process of implementing them.

Contents

		Paragraphs	Page
I.	Introduction and background	1–3	5
II.	Determination of conditions of service: local versus non-local	4–10	6
	A. Basis for determining the conditions of service of temporary assistance staff in the language services	4–6	6
	B. Lack of policy and procedures to ensure compliance with the agreements with the International Association of Conference Interpreters and the International Association of Conference Translators	7–10	7
III.	Recruitment of temporary assistance staff	11–20	8
	A. Maintenance of rosters	12–16	8
	B. Selection of staff: local versus non-local and off-site arrangements	17–20	10
IV.	Planning for the use of temporary assistance	21–25	11
V.	Monitoring of the limits for former staff members in receipt of pension benefits	26–29	12
VI.	Recommendations	30–42	13

Annexes

I.	Summary of the distribution of actual days worked in 2007 among local, non-local and off-site temporary assistance staff by duty station and language service	16
II.	Detailed distribution of actual days worked in 2007 among local, non-local and off-site temporary assistance staff by duty station and language service	17

I. Introduction and background

1. Pursuant to General Assembly resolution 62/225, the Office of Internal Oversight Services (OIOS) conducted an audit of the existing special arrangements governing the recruitment of temporary assistance staff in the language services across the four main duty stations, namely, United Nations Headquarters, the United Nations Office at Geneva, the United Nations Office at Vienna and the United Nations Office at Nairobi. The main objectives of the audit were to determine whether procedures were in place for identifying the requirements for temporary assistance for meetings in the language services and ensuring the recruitment of the most qualified individuals in an economical, efficient and transparent manner in accordance with relevant agreements, United Nations Staff Regulations and Rules and General Assembly mandates. The audit also sought to determine whether the recruitment of temporary assistance staff was unnecessarily skewed in favour of a certain type of appointment (i.e., local, as opposed to non-local, staff of the country of the duty station where the services were required) for certain language services. Comments made by the Department for General Assembly and Conference Management are summarized below in italics.

2. The Department for General Assembly and Conference Management and the units in charge of conference services management at the United Nations Offices at Geneva, Vienna and Nairobi are responsible for implementing the operational activities at their respective duty stations. Furthermore, according to resolution 57/283 B, the Department is responsible for implementing policy, formulating standards and guidelines, overseeing and coordinating United Nations conference services and the overall management of resources. There are more than 50 language services and sections[1] at the four duty stations. The 2004-2005 and 2006-2007 allotments for the temporary assistance for meetings account for the four main duty stations are summarized in the table below. The account is a unique funding mechanism established under the regular budget to supplement the permanent conference-servicing resources of the four duty stations, which are, to varying degrees, programmed below the actual levels that are required and therefore become insufficient, particularly during peak periods.

Table
Summary of regular budget allotments issued for temporary assistance for meetings
(Millions of United States dollars)

Biennium	*Headquarters*	*United Nations Office at Geneva*	*United Nations Office at Vienna*	*United Nations Office at Nairobi*	*Total*
2004-2005	24.9	14.7	7.4	1.9	**48.9**
2006-2007	26.8	17.2	9.4	1.7	**55.1**

[1] At Headquarters, there are six Translation Services; one Interpretation Service, including six sections; one Verbatim Reporting Service, including six sections; one Editorial Control Section; and one Official Records Editing Section. There are six translation sections and one interpretation service at the United Nations Office at Geneva, the United Nations Office at Vienna and the United Nations Office at Nairobi, respectively.

3. All duty stations have implemented three key activities relating to the recruitment of temporary assistance staff in the language services, namely, capacity-planning, maintenance of rosters and selection of candidates. OIOS reviewed those activities for the calendar year 2007 on the premise that, if properly implemented, they can help to satisfy the need for equity expressed by the General Assembly and, more specifically, help to ensure compliance with the United Nations Staff Regulations and Rules as well as the United Nations agreements with the relevant associations for language specialists.

II. Determination of conditions of service: local versus non-local

A. Basis for determining the conditions of service of temporary assistance staff in the language services

4. The agreements between the International Association of Conference Translators for short-term translators, revisers, editors and précis-writers, and the International Association of Conference Interpreters for short-term conference interpreters, state that employment conditions of such staff shall be governed by their professional domicile at the time the employment is offered. The professional domicile of translators and interpreters who are members of, respectively, the International Association of Conference Translators and the International Association of Conference Interpreters are published in the directories and on the websites of the Associations. The agreements provide that the United Nations will request any translator or interpreter who is not a member of either of the Associations to declare his/her professional domicile when he/she seeks or accepts employment. For the purposes of the agreements, the professional domicile of an interpreter or a translator is the domicile in which the interpreter/translator considers himself/herself as local. A translator/interpreter may have only one professional domicile at any time. A translator may change his/her professional domicile only for consecutive periods of not less than one year and an interpreter may change professional domicile only for consecutive periods of not less than six months.

5. The agreements with the International Association of Conference Translators and the International Association of Conference Interpreters, which date from 1979 and 2007, respectively, apply to all United Nations agencies, funds and programmes. The agreement with the International Association of Conference Interpreters was ratified by the United Nations System Chief Executives Board for Coordination (CEB). However, the signature pages were missing on the copies of both of the agreements provided to OIOS. OIOS attempted to establish who signed the agreements on behalf of the Secretariat and whether they are legally binding on the Organization. However, neither the Department for General Assembly and Conference Management nor the Office of Human Resources Management was able to properly address the requests of OIOS on this matter. *The Department stated that the agreements with the International Association of Conference Translators and the International Association of Conference Interpreters were collective agreements concluded by the organizations of the United Nations common system (as employers). The negotiations were coordinated by the representatives of CEB, and the agreements were ratified by the Office of Human Resources Management. The agreement with the International Association of Conference Translators, which is*

much older (1979), pre-dates CEB, but was ratified by the precursor of CEB, namely, the Administrative Committee on Coordination, through its Consultative Committee on Administrative Questions. The special conditions negotiated in these agreements were established pursuant to staff rule 301.1 (b) and are also stated in the letters of appointment of the freelance staff.

6. In the view of OIOS, there is a need for the Department for General Assembly and Conference Management, in consultation with the Office of Legal Affairs and the Office of Human Resources Management, to review and update the agreements to ensure their alignment with the relevant General Assembly resolutions and the United Nations Staff Regulations and Rules, and to determine whether a formal human resources policy needs to be promulgated for these language services staff.

B. Lack of policy and procedures to ensure compliance with the agreements with the International Association of Conference Interpreters and the International Association of Conference Translators

7. Although professional domicile is supposed to govern the conditions of service for temporary assistance staff in the language services, as indicated in the agreements, there is currently no formal human resources policy for establishing the conditions of service based on the professional domicile of the staff. For other categories of staff (i.e., non-language specialists) appointed under the 300 series of the Staff Rules, the practice within the Secretariat is to use the home address or normal place of residence in determining whether a staff member should be classified as a local or non-local recruit. However, the agreements with the International Association of Conference Translators and the International Association of Conference Interpreters provide that the professional domicile of a candidate may exclude the home address or actual place of residence of the candidate. This means that the professional domicile of a freelancer, as provided for in the agreements, may be different from his/her actual place of residence or fixed abode. Owing to the absence of a policy for establishing the conditions of service based on the professional domicile of staff, the definition of professional domicile is subject to interpretation and therefore to possible abuse.

8. There was also a lack of appropriate procedures which could be used by all duty stations to ensure compliance with the agreements with the International Association of Conference Translators and the International Association of Conference Interpreters in determining the professional domicile of staff. As a result, none of the duty stations formally established the professional domicile of their temporary assistance staff. The field for professional domicile in the Integrated Management Information System (IMIS) had been completed for some temporary assistance staff members recruited at Headquarters, while at the United Nations Office at Geneva, the field had not been completed for any of the staff members covered by the OIOS audit. The professional domicile reported in IMIS matched the home address in the induction and personal history forms of the staff member, although the Department for General Assembly and Conference Management did not confirm whether IMIS had been updated using those forms. In accordance with the agreements between the United Nations and the International Association of Conference Translators and the International Association of Conference Interpreters,

those home addresses may not necessarily represent the professional domiciles declared by the staff members.

9. Seventeen of the approximately 280 temporary assistance staff hired at Headquarters in 2007 were provided with local conditions of service, even though they had been recruited from other countries. The Department for General Assembly and Conference Management informed OIOS that the United Nations had sponsored the G-4 visa applications of those staff members. At the United Nations Offices at Geneva and Vienna, a number of staff members were provided with local conditions of service, although they had been recruited from countries outside the duty stations concerned.

10. OIOS was unable to rule out the possibility that certain staff recruited from outside the duty stations concerned had been offered, either explicitly or implicitly, and had accepted, local conditions of service. Thus, there was a risk of unfair treatment of staff, and hence a legal and reputational risk to the United Nations in the event that a staff member considered his/her rights under the agreements with the International Association of Conference Translators and the International Association of Conference Interpreters to have been violated.

III. Recruitment of temporary assistance staff

11. In its resolutions 59/265, 60/236 B and 61/236, the General Assembly requested that the Secretary-General, when recruiting temporary assistance staff in the language services, ensure that all language services be given equal treatment and provided with equally favourable working conditions and resources. In requesting the present audit, the General Assembly, in its resolution 62/225, further stressed the need for equity when recruiting temporary assistance staff in the language services. In the opinion of OIOS, a global approach to managing the recruitment of temporary assistance staff in the language services, including appropriate policies and procedures to be used across the duty stations in establishing the requirements for temporary assistance staff, maintaining rosters and recruiting the staff, would further enhance compliance with the mandates of the General Assembly and the United Nations Staff Regulations and Rules. *The Department for General Assembly and Conference Management concurred that there would be some benefits in making explicit that which is already current practice regarding the criteria for the inclusion of freelancers in temporary assistance rosters. It noted, however, that given the preference for local recruitment, duty stations are bound to be in competition for the best non-local staff, and central management of the roster does nothing to address the greater problem, which is finding ways to expand the pool of qualified freelancers. This position reflects the most responsible approach to the need to reconcile a concern with cost on the one hand, and the demands of quality on the other. All chiefs of service/section/unit are expected to follow this line of reasoning.*

A. Maintenance of rosters

12. There was no centrally managed roster of candidates for temporary assistance posts in the language services similar to the one being developed for contractual translators to be used by all duty stations in selecting candidates. There was also no

standard format for the rosters, including for the type of information required (for example, specialization, if any; professional domicile; permanent address; membership in professional associations; relationship with the United Nations — e.g., former United Nations staff member). In addition, there was no coordinated approach to maintaining rosters across the duty stations. In the view of OIOS, appropriate procedures need to be implemented for rostering and selecting temporary assistance staff in order to ensure compliance with the relevant resolutions of the General Assembly.

13. The manager of each language service and section at Headquarters, the United Nations Office at Geneva and the United Nations Office at Nairobi maintained a list of potential candidates (referred to as rosters) that was used to fill specific vacancies. The fact that the manager of each language service and section maintained his/her own roster raises the question of consistency and equity in the recruitment of temporary assistance staff. Furthermore, no rosters were used at the United Nations Office at Nairobi. Rather, interpreters were offered initial appointments after being identified on the basis of the directory of the International Association of Conference Interpreters or through referrals. Translators were identified primarily through referrals, and their initial appointments were provided subject to their receiving a satisfactory score on an ad hoc test prepared and administered by the relevant language service.

14. The procedures followed in identifying and vetting candidates for the rosters as well as for adding them to or deleting them from the rosters were not transparent and therefore did not ensure fairness in the selection process. For example, candidates were identified mainly through staff referrals, and were required to take ad hoc tests prepared and administered by the language services and sections concerned. There were no common testing standards. In addition, it was not clear how certain translation companies contracting with the United Nations had identified their staff or how such staff were subsequently vetted and put on the rosters at Headquarters and the United Nations Offices at Geneva and Vienna.

15. Although officials of the Department for General Assembly and Conference Management informed OIOS that quality was a major consideration in the recruitment of temporary assistance staff in the language services, Headquarters did not use professional associations such as the International Association of Conference Interpreters as sources of candidates for the rosters. At the United Nations Offices at Geneva and Vienna, temporary assistance staff were initially recruited from the directories of the professional associations and were subsequently put on the rosters, subject to satisfactory performance. *In the opinion of the Department, the International Association of Conference Interpreters and the International Association of Conference Translators do not serve as accrediting bodies for interpretation or translation; rather, their membership requirements relate mainly to the number of days of contract with international organizations and, as such, are no guarantee per se of quality or competence.* However, OIOS notes that the International Association of Conference Interpreters requires that its members be competent and experienced professionals and commit themselves to abiding by a code of conduct and a set of professional standards that enable them to provide reliable, high-quality service.

16. The General Assembly, by its resolution 57/305, established special limits for retirees who are recruited under temporary assistance in the language services in

order to increase the availability of retirees to compensate for the increasingly competitive market for freelancers. A key factor in the recruitment of retirees was their availability. Although retirees were expected to be used at all duty stations, the processes followed in determining their availability were informal and not coordinated. For example, no periodic surveys of retirees and former United Nations staff were conducted to establish their availability. Instead, managers of the language services individually consulted with the retirees and former United Nations staff members.

B. Selection of staff: local versus non-local and off-site arrangements

17. The language services and sections were responsible for recruiting temporary assistance staff and deciding, at the time of recruitment, if local or non-local candidates should be selected or if off-site arrangements should be used. As annexes I and II to the present report show, there were major variations across the duty stations and language services regarding the extent to which locally recruited staff were utilized. Five of the eight language services at Headquarters, all six of the language services at the United Nations Office at Geneva, four of the six language services at the United Nations Office at Vienna and one of the six language services at the United Nations Office at Nairobi used more local than non-local recruits and off-site arrangements. *The Department for General Assembly and Conference Management stated that the pattern of recruitment (proportion of local to non-local) varies from duty station to duty station according to the availability of local freelancers. The agreements with the International Association of Conference Translators and the International Association of Conference Interpreters allow freelance staff to position themselves advantageously for offers of employment by giving them the right to declare their professional domicile in the United Nations duty station that, in their estimation, will maximize their employment. This professional domicile, as provided for in the agreements, may be different from the freelancer's actual place of residence or fixed abode.*

18. Based on rates effective as at 1 January 2007 at Headquarters, the average daily earnings, including daily subsistence, of non-locally recruited staff were about twice those of the locally recruited translators. It was also faster to fulfil requirements for temporary assistance by recruiting locally. Officials of the Department for General Assembly and Conference Management at Headquarters stated that the concern for cost-effectiveness on the part of individual managers often led them to recruit locally whenever the local supply was sufficient and of the requisite calibre to meet standards of efficiency, timeliness and quality. At the United Nations Office at Geneva, OIOS was informed that recruitment targets of 70 per cent for local staff and 30 per cent for non-local staff had been established primarily as a result of concerns about cost-effectiveness. The United Nations Office at Vienna stated that the qualifications and expertise of the staff were considered first, before the issue of cost-effectiveness, although OIOS was informed that translation sections were advised that non-local recruitment should be done on an exceptional basis.

19. There were no clear criteria, guidelines or standard operating procedures to be followed by the language services across the four duty stations. As a result, the criteria used and the procedures followed in selecting temporary assistance staff differed from one duty station to another and from one language service to another.

This could result in non-compliance with the relevant resolutions of the General Assembly regarding equity in recruitment and the agreements of the United Nations with the International Association of Conference Translators and the International Association of Conference Interpreters regarding conditions of service.

20. Owing to the lack of adequate procedures and the consequent lack of transparency and consistency in rostering and selecting candidates, OIOS was unable to establish whether the recruitment of temporary assistance staff in the language services was fair and equitable.

IV. Planning for the use of temporary assistance

21. The requirements for temporary assistance staff in the language services and sections across the duty stations were determined through formal planning processes. Guidelines on capacity-planning methodology have been developed and published. At all four duty stations, the requirement for temporary assistance was determined based on workload statistics such as the calendar of meetings approved by the General Assembly, relevant historical data and workload standards. In addition, the workload statistics of the United Nations Offices at Geneva, Vienna and Nairobi reflected the requirements provided by the organizational units that used the language services. At the United Nations Office at Geneva, workload projections for translation and interpretation services are made by the Central Planning and Coordination Service and then used in determining the requirements for additional temporary assistance in the respective language services. The United Nations Offices at Geneva and Vienna conducted regular reviews to assess actual performance against projections in order to update the requirements.

22. At Headquarters, capacity plans are approved by the Departmental Management Group, comprising senior officials of the Department for General Assembly and Conference Management. A single productivity standard was used for capacity-planning for all of the six translation services. However, each of the six translation services has a different demographic mix of staff members (e.g., different percentages of self-revisers), which is a factor in determining the actual productivity level. *The Department stated that the different demographic mix in the various services is already taken into account in the workload standards that form the basis of the formula for calculating capacity. By definition, a workload standard reflects the average output over time of staff at all levels. The degree of statistical refinement that would be required to reflect the specific demographic mix in a given service — which in any event changes from week to week with the arrival and departure of freelance staff — would not seem warranted. Moreover, the margin of deviation from expected output, namely, plus or minus 10 per cent, is used to compensate for such variations. In practice, the capacity of the services is almost always below the level of expected output by more than 10 per cent (owing to the difficulty of finding enough temporary assistance, especially when vacancy rates are high). There is a limit to how much rigour or mathematical precision can be built into this capacity-planning exercise, or is even desirable, since there are many imponderables, such as variations between the forecast and actual inflow of documents, the proportion of manuscripts that present special problems or difficulties, and so forth. Adjustments are made in planning on the basis of experience. This is precisely the kind of mature and seasoned judgement that managers are expected to provide.*

23. In the view of OIOS, the Department needs to refine its guidelines for capacity-planning and the evaluation of capacity plans, including the establishment of a reasonable cycle for the review and revision of workload standards. In addition, there have been no periodic reviews performed on the actual output versus planned output, or reassessments of the planning basis used. Two types of evaluation would be necessary: (a) when a request for the recruitment of temporary assistance staff is made, the need for the request should be validated; and (b) an assessment of actual productivity against projections should be used to revise the planning basis when necessary.

24. Headquarters and the United Nations Offices at Geneva and Vienna used, to some degree, computer-assisted tools in capacity-planning. At Geneva and Vienna, for example, the following tools were used:

(a) Electronic Documents Registration, Information and Tracking System (e-DRITS);

(b) Interpreter assignments programme (APa);

(c) Web calendar (for the provisional timetable at the United Nations Office at Geneva);

(d) E-conference portal (at the United Nations Office at Vienna);

(e) Documents Control and Productivity Monitoring System (DCPMS) (at the United Nations Office at Vienna);

(f) E-Meets (at the United Nations Office at Vienna).

25. The tools referred to in subparagraphs (a) to (e) above are supposed to be integrated into the e-Meets system to facilitate automated planning and scheduling of meetings. The e-Meets system was designed to connect the four main duty stations in order to ensure standardization and optimization of resources at those duty stations. However, the desired level of integration has not been reached. The United Nations Offices at Geneva and Vienna informed OIOS that they were making strides in addressing the issue of integration in order to ensure greater interoperability of the e-Meets system with other related software used by the language services.

V. Monitoring of the limits for former staff members in receipt of pension benefits

26. Section VI of General Assembly resolution 57/305 on human resources management specifically covers the recruitment of temporary assistance staff, in particular limitations on the recruitment of former United Nations staff in the language services. In that resolution, the Assembly set the maximum allowable number of workdays at 125 days per calendar year for retirees and eliminated the previous practice of using monetary amounts, which were frequently revised to accommodate cost-of-living adjustments, to limit the recruitment of retirees in the language services. The purpose of the resolution was to increase the availability of retired language specialists to compensate for the increasingly competitive market for freelancers. However, administrative instruction ST/AI/2003/8/Amend.1, which is intended to provide guidance on the implementation of General Assembly

resolution 57/305, requires the use of a monetary limit in addition to the mandated maximum of 125 workdays. *According to the Department for General Assembly and Conference Management, the benefits of hiring retirees as opposed to non-retirees include the need to balance the recruitment of new freelancers with that of experienced staff and avoidance of the lead time needed for training new freelancers, which may have an impact on the output of the services.*

27. At Headquarters, where more than 60 per cent of the workdays of temporary assistance staff were attributed to retirees and former United Nations staff, the language services complained that the interpretation of General Assembly resolution 57/305 by ST/AI/2003/8/Amend.1 reduces the availability of retirees by approximately 7.2 weeks per calendar year, since the calculation made by the Office of Human Resources Management includes weekends, which are paid but not worked. However, the Department for General Assembly and Conference Management recognizes that that scenario does not apply in all cases. For example, the availability of a former staff member is not necessarily reduced when the monthly salary rate is used in calculating the staff member's earnings, since the monthly rates already take weekend days into consideration.

28. *The Department stated that it has raised the issue of limits on the earnings of retirees with the Office of Human Resources Management on numerous occasions over the years, most recently in a meeting on 15 May 2008 with the Officer-in-Charge, Division for Organizational Development, Office of Human Resources Management.*

29. The Department also did not implement adequate mechanisms to ensure that the approved limit for retirees was not exceeded. It relies on retirees to provide information about their earnings from the Secretariat and the common system when they are recruited at any duty station. It stated that each duty station monitors the earnings of retirees based on the information that they provide. The United Nations Office at Vienna uses the Nucleus system for monitoring the number of workdays and the amounts paid to retirees at the four duty stations. However, that system has not been replicated at other duty stations.

VI. Recommendations

30. OIOS made the following recommendations with a view to improving the management of the recruitment of temporary assistance staff, including capacity-planning, rostering and selection of candidates and the determination of the conditions of service. The Department for General Assembly and Conference Management accepted all six recommendations.

Recommendation 1

31. The Department for General Assembly and Conference Management, in consultation with the Office of Legal Affairs and the Office of Human Resources Management, should review and update the agreements with the International Association of Conference Translators for short-term translators, revisers, editors and précis-writers and the International Association of Conference Interpreters for short-term conference interpreters to ensure their alignment with the relevant General Assembly resolutions and the United Nations Staff Regulations and Rules,

and determine whether a formal human resources policy needs to be promulgated for those language services staff.

32. *The Department accepted recommendation 1, stating that a revision of the agreement with the International Association of Conference Translators, which dates back to 1979, was long overdue but had not been actively sought by the Association. From the perspective of the United Nations, numerous recent changes relating to the employment of temporary staff, particularly the introduction of the off-site arrangement for non-local staff and the possibility of telecommuting by temporary local staff (which will become a critical necessity during the implementation of the capital master plan, since sufficient office space has not been provided for all temporary staff in the swing space), warrant a comprehensive review and renegotiation of the agreement.*

Recommendation 2

33. The Department for General Assembly and Conference Management should establish appropriate standard operating procedures that could be used by all duty stations in determining the professional domicile and hence the conditions of service of temporary assistance staff in the language services.

34. *The Department accepted recommendation 2, stating that it had already put in place procedures at Headquarters for the determination of professional domicile, which would be promulgated at other duty stations shortly.*

Recommendation 3

35. The Department for General Assembly and Conference Management should establish centrally managed rosters of candidates and related standard operating procedures to be used by all language services across the duty stations to ensure that the rostering and selection of candidates are transparent and equitable. The procedures should identify the criteria and guidelines for selecting candidates and adding them to or deleting them from the rosters and the type of information required for the rosters.

36. *The Department accepted recommendation 3, stating that a globally coordinated status report would be presented at its June 2009 coordination meeting, exploring the possibilities for the establishment of a central roster for the tracking and management of freelance and temporary staff in all language groups. In the meantime, owing to concerns about the benefits of such a roster given the work involved, the Department will use the experience gained from the centrally managed roster for contractual translation staff, which should be fully operational later this year, to determine the optimal configuration and use of such a database.*

Recommendation 4

37. The Department for General Assembly and Conference Management should further reinforce and refine its guidelines for capacity-planning and evaluation of capacity plans to be used across all duty stations and language services to ensure the effective and efficient use of temporary assistance resources.

38. *The Department accepted recommendation 4, stating that it agreed that centralized guidelines for capacity-planning and evaluation of capacity plans would assist in better delivery of services. However, factors such as differences in market*

conditions, workload specificities (e.g., timing of delivery) and local duty station specificities should also be considered, not just for the purpose of effective and efficient use of temporary assistance resources, but also to meet operational needs such as timeliness and quality of service. At the June 2008 coordination meeting, a task force was created to establish workload forecasting and capacity-planning for text-processing, copy preparation and proofreading, reproduction and distribution in consultation with all duty stations. An evaluation of the existing methodology of workload forecasting and capacity-planning and a global summary report on harmonizing workload forecasting and capacity-planning in all areas of conference services will be presented at the June 2009 coordination meeting.

Recommendation 5

39. The Department for General Assembly and Conference Management should address the issue of the integration of computer-assisted tools in order to ensure greater interoperability of the e-Meets system with other related software used by the language services across the duty stations.

40. *The Department accepted recommendation 5, stating that the global information technology initiative launched in 2006 would lead to a global standardized approach to support decision-making and real-time access to data and closer collaboration and interaction among duty stations to streamline and harmonize conference processes; and promote interoperability and efficiency as well as align more effectively with the information technology standards and strategies of the Secretariat. The three global projects launched under the initiative had made substantial progress. It was envisaged that the global reporting data warehouse under project 1 would establish common statistical standards and a codification structure to support performance indicators and performance management. A prototype for global and local reports was expected to be completed by December 2008. The meetings management systems under project 2 were expected to be completed in December 2009, and a prototype for the documents management systems under project 3 was expected to be completed in October 2008.*

Recommendation 6

41. The Department for General Assembly and Conference Management should implement appropriate mechanisms to ensure that the approved workday limits for retirees are not exceeded.

42. *The Department accepted recommendation 6, stating that it would like to implement monitoring mechanisms to ensure that the approved limits were not exceeded. However, the current functionalities of IMIS did not permit systematic monitoring by the Department of all United Nations earnings of retirees; that functionality should be included in the requirements document of any enterprise-wide application developed to replace IMIS.*

(*Signed*) Inga-Britt **Ahlenius**
Under-Secretary-General for Internal Oversight Services

Annex I

Summary of the distribution of actual days worked in 2007 among local, non-local and off-site temporary assistance staff by duty station and language service

(Percentage)

	Headquarters			*United Nations Office at Geneva*			*United Nations Office at Vienna*			*United Nations Office at Nairobi*		
Language service	*Local*	*Non-local*	*Off-site*	*Local*	*Non-local*	*Off-site*	*Local*	*Non-local*	*Off-site*	*Local*	*Non-local*	*Off-site*
Arabic language services	80	18	2	85	15	0	56	20	24	5	95	0
Chinese language services	94	4	2	66	14	20	45	55	0	0	100	0
English language services	70	28	2	65	31	4	46	38	17	58	42	0
French language services	40	46	15	78	19	3	82	8	10	26	74	0
Russian language services	47	43	10	82	10	8	81	10	9	1	99	0
Spanish language services	43	36	21	54	20	26	64	14	22	5	95	0
Editorial Control Section	61	12	27	0	0	0	0	0	0	0	0	0
Official Records Editing Service	96	0	4	0	0	0	0	0	0	0	0	0

Note: Although off-site arrangements were made with individuals who were predominantly non-local to the duty stations concerned, the Department for General Assembly and Conference Management is of the opinion that they should be treated separately in the table. The Department stated that the use of off-site arrangements has helped to reduce non-local recruitment, while at the same time ensuring that the duty station in question is not deprived of the services of qualified non-local freelancers. An off-site arrangement is used whenever the operational requirements (volume and nature of the workload and expected turnaround times) at the time of recruitment permit the dispatch of work to off-site locations.

Annex II

Detailed distribution of actual days worked in 2007 among local, non-local and off-site temporary assistance staff by duty station and language service

	Headquarters							*United Nations Office at Geneva*						
	Number of workdays				*Percentage*			*Number of workdays*				*Percentage*		
Language service	*Local*	*Non-local*	*Off-site*	*Total*	*Local*	*Non-local*	*Off-site*	*Local*	*Non-local*	*Off-site*	*Total*	*Local*	*Non-local*	*Off-site*
Arabic Verbatim Reporting Service	844	—	50	894	94	0	6	—	—	—	—	0	0	0
Arabic Interpretation Service	1 352	96	—	1 448	93	7	0	588	190	—	778	76	24	0
Arabic Translation Service	2 373	929	83	3 385	70	27	2	798	62	—	860	93	7	0
Total/average	**4 569**	**1 025**	**133**	**5 727**	**80**	**18**	**2**	**1 386**	**252**	**—**	**1 638**	**85**	**15**	**0**
Chinese Verbatim Reporting Service	568	—	12	580	98	0	2	—	—	—	—	0	0	0
Chinese Interpretation Service	432	108	—	540	80	20	0	166	54	—	220	75	25	0
Chinese Translation Service	1 392	—	39	1 431	97	0	3	619	111	236	966	64	11	24
Total/average	**2 392**	**108**	**51**	**2 551**	**94**	**4**	**2**	**785**	**165**	**236**	**1 186**	**66**	**14**	**20**
English Verbatim Reporting Service	624	—	29	653	96	0	4	—	—	—	—	0	0	0
English Interpretation Service	1 090	201	—	1 291	84	16	0	751	71	—	822	91	9	0
English Translation Service	1 295	1 002	74	2 371	55	42	3	1 582	1 027	143	2 752	57	37	5
Total/average	**3 009**	**1 203**	**103**	**4 315**	**70**	**28**	**2**	**2 333**	**1 098**	**143**	3 574	**65**	**31**	**4**
French Verbatim Reporting Service	436	43	—	479	91	9	0	—	—	—	—	0	0	0
French Interpretation Service	617	342	—	959	64	36	0	857	31	—	888	97	3	0
French Translation Service	1 374	2 418	907	4 699	29	51	19	3 405	1 029	143	4 577	74	22	3
Total/average	**2 427**	**2 803**	**907**	**6 137**	**40**	**46**	**15**	**4 262**	**1 060**	**143**	**5 465**	**78**	**19**	**3**
Russian Verbatim Reporting Service	854	—	22	876	97	0	3	—	—	—	—	0	0	0
Russian Interpretation Service	322	—	—	322	100	0	0	380	23	—	403	94	6	0
Russian Translation Service	69	1 132	251	1 452	5	78	17	2 394	308	273	2 975	80	10	9
Total/average	**1 245**	**1 132**	**273**	**2 650**	**47**	**43**	**10**	**2 774**	**331**	**273**	**3 378**	**82**	**10**	**8**
Spanish Verbatim Reporting Service	800	—	—	800	100	0	0	—	—	—	—	0	0	0
Spanish Interpretation Service	417	—	—	417	100	0	0	649	30	—	679	96	4	0

Language service	Headquarters							United Nations Office at Geneva						
	Number of workdays				Percentage			Number of workdays				Percentage		
	Local	Non-local	Off-site	Total	Local	Non-local	Off-site	Local	Non-local	Off-site	Total	Local	Non-local	Off-site
Spanish Translation Service	1 113	1 942	1 128	4 183	27	46	27	1 591	817	1 079	3 487	46	23	31
Total/average	**2 330**	**1 942**	**1 128**	**5 400**	**43**	**36**	**21**	**2 240**	**847**	**1 079**	**4 166**	**54**	**20**	**26**
Editorial Control Section	520	101	230	851	61	12	27	—	—	—	—	—	—	—
Official Records Editing Section	265	—	12	277	96	0	4	—	—	—	—	—	—	—

Language service	United Nations Office at Vienna							United Nations Office at Nairobi						
	Number of workdays				Percentage			Number of workdays				Percentage		
	Local	Non-local	Off-site	Total	Local	Non-local	Off-site	Local	Non-local	Off-site	Total	Local	Non-local	Off-site
Arabic Verbatim Reporting Service	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Arabic Interpretation Service	161	310	—	471	34	66	0	31	325	—	356	9	91	—
Arabic Translation Service	725	—	375	1 100	66	0	34	—	210	—	210	0	100	—
Total/average	**866**	**310**	**375**	**1 571**	**56**	**20**	**24**	**31**	**535**	**—**	**566**	**5**	**95**	**—**
Chinese Verbatim Reporting Service	—	—	—	—	0	0	0	—	—	—	—	0	0	—
Chinese Interpretation Service	—	397	—	397	0	100	0	—	76	—	76	0	100	—
Chinese Translation Service	466	175	—	641	73	27	0	—	—	—	—	0	0	—
Total/average	**466**	**572**	**—**	**1 038**	**45**	**55**	**0**	**—**	**76**	**—**	**76**	**0**	**100**	**—**
English Verbatim Reporting Service	—	—	—	—	0	0	0	—	—	—	0	0	0	—
English Interpretation Service	306	330	—	636	48	52	0	28	—	—	28	100	0	—
English Translation Service	259	135	210	604	43	22	35	356	275	—	631	56	44	—
Total/average	**565**	**465**	**210**	**1 240**	**46**	**38**	**17**	**384**	**275**	**—**	**659**	**58**	**42**	**—**
French Verbatim Reporting Service	—	—	—	—	0	0	0	—	—	—	0	0	0	—
French Interpretation Service	305	117	—	422	72	28	0	213	—	—	213	100	0	—
French Translation Service	1 129	15	182	1 326	85	1	14	—	591	—	591	0	100	—
Total/average	**1 434**	**132**	**182**	**1 748**	**82**	**8**	**10**	**213**	**591**	**—**	**804**	**26**	**74**	**—**
Russian Verbatim Reporting Service	—	—	—	—	0	0	0	—	—	—	0	0	0	—
Russian Interpretation Service	430	14	—	444	97	3	0	7	83	—	90	8	92	—
Russian Translation Service	551	105	105	761	72	14	14	—	431	—	431	0	100	—
Total/average	**981**	**119**	**105**	**1 205**	**81**	**10**	**9**	**7**	**514**	**—**	**521**	**1**	**99**	**—**
Spanish Verbatim Reporting Service	—	—	—	—	0	0	0	—	—	—	0	0	0	—
Spanish Interpretation Service	462	15	—	477	97	3	0	—	40	—	40	0	100	—
Spanish Translation Service	524	202	330	1 056	50	19	31	13	233	—	246	5	95	—
Total/average	**986**	**217**	**330**	**1 533**	**64**	**14**	**22**	**13**	**273**	**—**	**286**	**5**	**95**	**—**
Editorial Control Section	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Official Records Editing Section	—	—	—	—	—	—	—	—	—	—	—	—	—	—

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Social development: follow-up to the International Year of Older Persons: Second World Assembly on Ageing

Follow-up to the Second World Assembly on Ageing

Report of the Secretary-General

Summary

The present report, prepared in response to General Assembly resolution 62/130, summarizes the results of the first review and appraisal of the Madrid International Plan of Action on Ageing, and provides an outline of a strategic implementation framework requested by the General Assembly. In its conclusion, the report offers a number of recommendations for consideration by the General Assembly.

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Contents

		Paragraphs	Page
I.	Introduction	1–2	3
II.	Results of the first review and appraisal of the Madrid International Plan of Action on Ageing, 2002	3–27	3
III.	Capacity development: national and international aspects	28–37	10
IV.	Outline of a proposed strategic implementation framework for future implementation of the Madrid International Plan of Action on Ageing	38–63	13
	A. Purpose and objectives of the framework	41–43	13
	B. Structure and major elements of the framework	44–59	14
	C. Procedure for elaborating the strategic implementation framework	60–63	19
V.	Recommendations for future action	64–68	20

I. Introduction

1. The General Assembly, in its resolution 62/130 entitled "Follow-up to the Second World Assembly on Ageing", encouraged Member States to strengthen their capacity to address national implementation priorities identified during the first review and appraisal cycle of the Madrid International Plan of Action on Ageing, 2002,[1] conducted from 2007-2008. In the same resolution, the Secretary-General was requested to report to the General Assembly at its sixty-third session on the implementation of the resolution. The present report is based on information from Member States in the form of national review and appraisal reports, information from the regional commissions of the United Nations on regional review and appraisal efforts, and other information available to the Secretariat.

2. Evaluating existing policies and legislation provides a good foundation for building capacity for policy development and implementation in the future. In addition to presenting findings emanating from the first review and appraisal of the Madrid Plan of Action, completed during the forty-sixth session of the Commission for Social Development in February 2008, the report also contains an outline of a strategic implementation framework for improving the implementation of the Madrid Plan in the coming years.

II. Results of the first review and appraisal of the Madrid International Plan of Action on Ageing, 2002

3. The global first review and appraisal of the Madrid Plan of Action took place from 2007 to 2008 during the forty-fifth and forty-sixth sessions of the Commission for Social Development. Reports of the Secretary-General prepared for those sessions as well as the General Assembly pointed out major developments and salient trends in the area of ageing since the Second World Assembly on Ageing was held in 2002 (E/CN.5/2007/7 and Corr.1), and summarized preliminary results of the review and appraisal process (E/CN.5/2008/7 and Corr.1). In addition, the regional commissions of the United Nations forwarded a note to the Commission for Social Development at its forty-sixth session on implementation activities in their respective regions (E/CN.5/2008/2).

4. Apart from the above, the Department of Economic and Social Affairs of the Secretariat prepared two major analytical reports related to the first review and appraisal of the Madrid Plan of Action. The first publication, the *World Economic and Social Survey 2007*,[2] was devoted to the theme "Development in an ageing world", and provided a comprehensive analysis of trends and issues pertinent to ageing and its implications for economic and social development.[3] The publication *Regional Dimensions of the Ageing Situation*[3] highlighted regional priorities as well as policy developments in the context of the implementation of the Madrid Plan in the five regions covered by the regional commissions of the United Nations.

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[1] *Report of the Second World Assembly on Ageing, Madrid, 8-12 April 2002* (United Nations publication, Sales No. 02.IV.4), chap. I, resolution 1, annex II.

[2] *World Economic and Social Survey 2007: Development in an Ageing World* (United Nations publication, Sales No. E.07.II.C.1).

[3] ST/ESA/318, available from http://www.un.org/esa/socdev/ageing/research_papers.html.

5. In preparation for the conclusion of the global segment of the first review and appraisal of the Madrid Plan of Action, the regional commissions conducted region-wide review and appraisal conferences, seminars and workshops. In October 2007, the High-level Meeting on the Regional Review and Appraisal of the Madrid International Plan of Action on Ageing was convened in Macao, China, covering Asia and the Pacific and resulted in the adoption of the Macao Outcome Document. In November 2007, the Economic Commission for Europe (ECE) Ministerial Conference on Ageing was held in León, Spain, and led to the adoption of the Ministerial Declaration "A Society for All Ages: Challenges and Opportunities". Also in November 2007, an Expert Group Meeting on Ageing in Africa was convened in Addis Ababa. Furthermore, in November 2007, the Regional Seminar on the Review and Appraisal of the Madrid International Plan of Action on Ageing covering Western Asia was convened in Amman. Finally, in December 2007, the Second Regional Intergovernmental Conference on Ageing was held in Brasilia, to discuss regional review and appraisal within Latin America and the Caribbean and resulted in the adoption of the Brasilia Declaration. The results of those meetings were presented to the Commission for Social Development at its forty-sixth session in February 2008 by the Executive Secretaries of the regional commissions or their representatives.

6. The Economic Commission for Africa (ECA) reported uneven results at best, with low levels of implementation of both the Madrid Plan of Action and the African Union Policy Framework and Plan of Action on Ageing, as well as low levels of awareness of the link between population ageing and development. African Governments generally acknowledged the challenge of population ageing and a few countries have attempted to mainstream the concerns of older persons into policy development, with some including ageing in their social development policies. However, effectiveness was limited owing to competing priorities for budgetary allocation and the lack of capacity of institutions to respond effectively. Social protection mechanisms received increased attention, as some countries have introduced or expanded their social protection programmes. However, formal social security coverage is often limited to civil servants and workers employed in the formal economy, and the vast majority of older persons across Africa rely on informal social protection. Yet such informal systems of social protection, both cash and in kind, from both family and community sources have declined in recent decades because of the erosion of extended family systems and rapid urbanization. There is a general lack of specialist services and personnel to meet the health needs of older persons. The special care and health needs of older persons have been compromised by rapid spread of HIV/AIDS in the continent. Though the number of older persons living with HIV/AIDS is increasing, they remain excluded from routine surveillance programmes and receive very little prevention, education and treatment services.

7. The major challenge for social security programmes is to scale up the coverage and to address the issue of social exclusion. Most of the countries need to improve their health systems, to reorient health care and personnel towards meeting the needs of rapidly increasing older populations. There is a lack of data, information and ageing-specific policy research in most countries: thus, more evidence-based research and data collection are needed to guide the formulation of policy and justify bids for budgetary allocation. There is also a lack of participatory dialogue and decision-making processes involving all stakeholders, including older persons,

to improve the relevance of policies and plans and a shortage of cross-sectoral cooperation and coordination between public and private sectors and civil society organizations to strengthen and scale up effective interventions. Capacity limitations and constraints in public institutions and civil sector organizations to implement plans effectively also prevail.

8. To scale up regional and country implementation efforts regarding the Madrid Plan of Action and the African Union Policy Framework, ECA intends to (a) strengthen institutional and human capacities for managing the multiple challenges of ageing; (b) integrate ageing concerns in development plans and strategies, particularly poverty reduction strategies, and strategies for the development of health systems; (c) support research on ageing and development in Africa, particularly in areas such as the impact of climate change on the livelihood of people, especially in rural areas, continuing education, training and literacy, provision of housing and water and improvement of sanitation and health; (d) assist national Governments to support the implementation of policies and plans of ageing by allocating specific budgets for older persons' concerns; (e) support Governments to introduce mechanisms for all key stakeholders, including older persons, the full range of civil society organizations and the private sector, to engage in dialogue with the public sector to inform decision-making; and (f) assist Governments to investigate the scope for cross-sectoral cooperation and coordination and support between the public and private sectors and civil society to address older persons' concerns.

9. The Economic Commission for Europe recognizes both the numerous challenges, as well as the opportunities of ageing in the region where the proportion of older persons has been historically high and growing. To respond to the challenges that the ageing of population is posing for Governments, ECE was the first regional commission which developed a regional implementation strategy for the Madrid Plan of Action. The ECE Regional Implementation Strategy for the Madrid International Plan of Action on Ageing was approved at the Ministerial Conference on Ageing in Berlin in September 2002, just five months after the Second World Assembly on Ageing. The ECE Regional Implementation Strategy is a framework of 10 commitments aimed at supporting Member States in their efforts to respond adequately to the challenges and opportunities of population ageing in order to achieve a society for all ages.

10. The ECE secretariat has facilitated the implementation of the regional strategy through promoting partnerships with major stakeholders in the region, namely, Member States, civil society organizations and academia. A network of national focal points on ageing was established in 2004-2006 to exchange experience and support capacity development throughout the implementation process. A partnership with the European Centre for Social Welfare Policy and Research (Vienna) has been established with the support of the Government of Austria to provide substantive input for monitoring the implementation of the regional strategy.

11. The analysis of 35 national reports received by the ECE secretariat helped to reveal the major achievements, as well as the principal shortcomings of the implementation of the regional strategy. While significant progress could be noted in fulfilling all 10 commitments of the strategy, some commitment areas received considerably more attention than others. The commitments which enjoyed most attention, as reported by 35 countries, included commitment 4: Social protection

systems (16 countries); commitment 7: Quality of life, health and well-being (12 countries); commitment 5: Labour markets (8 countries); and commitment 2: Participation (5 countries).

12. The great majority of the reporting countries have either adopted or been drafting comprehensive national programme documents on ageing. Governments have emphasized the collaboration with civil society organizations, promoting a participatory approach to the implementation activities. Meanwhile, the application of the bottom-up participatory approach for the review and appraisal exercise at the national level, as recommended by the Commission for Social Development (see Economic and Social Council resolution 2003/14), has been limited.

13. The deliberations of the regional conference in León have also helped to identify priorities for future action on ageing in the ECE region: mainstreaming of ageing across all policy areas; promoting a positive image of older persons; empowering older persons and promoting their full participation; adjusting social protection systems to prevent and reduce poverty and social exclusion and to improve the quality of life at all ages; promoting policies that enable people to reach old age in better health and security and to live independently and with dignity; developing higher quality, sustainable social services as well as health and long-term care for older persons in need; promoting economic growth in an ageing society by making full use of the experience and abilities that older persons have acquired throughout their lives; promoting intergenerational solidarity; and designing family-friendly policies aiming at the reconciliation of work with family life in order to address challenges posed by very low birth rates and population ageing in the future. All in all, the León Declaration renewed commitments to the Madrid and Berlin agendas and reinforced a holistic approach to a society of all ages presenting both challenges and opportunities.

14. In the region of the Economic and Social Commission for Latin America and the Caribbean (ECLAC), numerous efforts have resulted in significant improvement of the situation regarding older persons, but progress has been highly uneven. On the positive side, income protection has played an important role on the agenda of many Governments, with the establishment of programmes to accord special protection to poor older persons who were not able to contribute to the formal social protection system. Governments also attempted to promote employment for older workers and encouraged productive initiatives. Increased attention was noticeable regarding gaps in health services and special efforts made to adjust health services to the needs of older persons. In particular, specialized care services have been reinforced, including hospitalization, outpatient care, as well as home care and emergency provision. Countries attempted to strengthen training in geriatrics and gerontology, including improved curriculums. Finally, the establishment of long-term care institutions has been much improved and additional regulations governing the establishment of such institutions have been adopted. Promoting enabling and supportive environments, the countries in the region have also concentrated on preventing abuse of and discrimination against older persons, as well as fostering social protection and family networks, and improving access to adequate housing.

15. Among the main issues that need to be addressed in the region are the low coverage in social protection mechanisms that is still prevalent as well as the quality of the benefits and services, which often fail to meet expectations. Inequalities that exist in access to health services remain a persistent phenomenon, preventing older

persons from full enjoyment of quality health care. Much more remains to be done in this area across the region. The issues of social inclusion and political participation of older persons are also very important and still much more needs to be achieved to improve the active participation of older persons and to promote positive images of ageing. Older persons still do not have the capacity to fully participate in decisions that affect their well-being, and their voice has not always been heard when Government programmes and schemes have been conceived or formulated. One of the critical challenges is to create a set of mechanisms at the national level to put into place the provisions established in national legislation and policies. Despite efforts to raise awareness on ageing issues, ageing has not been treated as a priority in public policies and the institutional mechanisms still fall short of expectations in this area.

16. In the Brasilia Declaration adopted at the Second Regional Intergovernmental Conference on Ageing in Latin America and the Caribbean on 6 December 2007, the representatives proposed, inter alia, that legal frameworks and monitoring mechanisms should be created to protect the human rights and fundamental freedoms of older persons, whether they live in long-stay institutional facilities or in their own homes, and to facilitate the formulation and enforcement of laws and programmes for the prevention of abuse, abandonment, neglect, ill-treatment and violence against older persons.[4] They further pledged to organize the necessary consultations with Governments in the region "to promote the drafting of a convention on the rights of older persons within the framework of the United Nations".[5]

17. Major findings of the high-level meeting on the regional review of the Madrid Plan of Action, organized by the Economic and Social Commission for Asia and the Pacific (ESCAP), included an increase in the number of institutional mechanisms established as well as national plans, policies and strategies and monitoring with regard to demographic ageing. In addition, strong relationships have been forged between Governments and civil society organizations. Overall, an increase in the establishment or extension of social protection mechanisms are observable as well as of promotion of ageing-in-place initiatives with integrated home services and age-friendly environment initiatives. The creation of intergenerational solidarity programmes and an enhanced awareness by the media of ageing-related issues signify increasing attention given to older persons in the region.

18. Nevertheless, member States of ESCAP also identified a number of obstacles encountered over the last five years. There are still problems in mobilizing resources for ageing-related programmes, in increasing knowledge on ageing and the Madrid Plan of Action proper, as well as in capacity-building. Rural areas are largely left out of ageing initiatives. Owing to changing family structures and the higher prevalence of solitary living, family support for older persons is on the decline. A need for adopting a life-course approach to ageing and lifelong preparation for successful ageing was identified as a paramount goal for national policymaking. Owing to epidemiological transition and an increase in chronic health conditions,

[4] Brasilia Declaration adopted at the Second Regional Intergovernmental Conference on Ageing in Latin America and the Caribbean: towards a society for all ages and rights-based social protection (LG/G.2359, para. 13).

[5] Ibid., para. 26.

access to affordable and quality health-care services will be increasingly important in the future.

19. Based on existing challenges such as resource constraints, income insecurity, poverty and exclusion in old age, active involvement of all stakeholders to advance the implementation of the Madrid Plan of Action in the region is of paramount importance. Future priorities for action include: (a) increasing the level of integration and mainstreaming of ageing concerns in national policies and poverty reduction strategies; (b) establishing and strengthening multipillared social security schemes; (c) ensuring affordable, accessible, good quality age-friendly and culturally appropriate health, rehabilitation, palliative and social services; (d) developing age-friendly physical environments to promote ageing in place to ensure readily accessible facilities and health services at the community level; (e) promoting barrier-free physical environment, transportation, public facilities, services, and information and communications to meet the accessibility needs of older persons; and (f) designing policies appropriate to the needs of present and future generations of older persons.

20. Within the region covered by activities of the Economic and Social Commission for Western Asia (ESCWA), Government measures in the implementation of the Madrid Plan of Action included the setting up of national committees, which in most cases comprise representatives from the private and public sectors, and are usually headed by the Minister of Social Affairs. A number of countries have completed formulation of a national policy on ageing, or are in the process of elaborating an integrated social plan of action that includes ageing-specific policies. In many countries, existing general policies and programmes often cover plans and projects that target older age but these activities often remain uncoordinated. In general, provision of care for older persons continues to be welfare-based and service-oriented rather than signify a developmental, rights-based or participatory approach. In many countries of the region, health services have witnessed an increase in the number of specialized centres, day-care centres and mobile clinics, particularly in the countries of the Gulf Cooperation Council. Some countries have introduced geriatrics in medical faculties, and studies on ageing issues at schools and universities.

21. As a result of changing lifestyles and living arrangements, family members are less likely to provide care for frail older persons, particularly those with special needs. A high prevalence of widowhood has also led to an increase in the number of female-headed households, which causes vulnerability and may lead to various psychological and health problems. Owing to absent or insufficient old-age pensions, the majority of older persons continue to work after the legal age of retirement. The vast majority of Arab women do not work in the formal economy, and consequently older women are dependent upon the benefits of the breadwinner, when available.

22. In addition, there are persistent health challenges for older persons. High levels of chronic diseases prevail in some countries, with rates comparable to those found in the more developed countries. In other countries, mainly in Northern Africa, communicable and infectious diseases are in the majority. Older persons also report a high prevalence of difficulties in the activities of daily living. In addition, there is an overall lack of qualified cadre and geriatric specialists. Inaccessibility or unavailability of specialized home services has also been reported.

23. Public participation and legislative representation of older persons appear to be related more to the position of the older persons in society — often associated with economic and political power. Negative stereotypes of ageing and of older persons as frail dependent members are still prevalent. The lack of associations or civil society organizations that represent the interests or needs of older persons and that could advocate for their rights is noticeable. Integrating an ageing-related perspective in the development plans on a life-course basis that potentially could improve lifelong continuous education, better nutrition, or the adoption of a healthy lifestyle in younger years leading to a better quality of life during ageing is largely missing.

24. Support has been provided by ESCWA and other organizations of the United Nations system to assist Member States in the region. Joint efforts could be enhanced with all partners sharing responsibilities, and promoting an integrated social policy, premised on equity, equal opportunity and intergenerational solidarity and human rights. Policies should aim at providing adequate social security and health care in old age and enabling older persons to remain active and to live independently in their own communities. Activities of the United Nations entities should uphold and facilitate the setting of a social support system, both formal and informal. In addition, enhancing the abilities of the family to take care of older persons within the family environment, promoting active participation and mainstreaming ageing policies in development, and generating research and data for the benefit of evidence-based policies/programmes are of essential importance.

25. Overall in the United Nations regions, considerable strides have been made by the Member States in implementing policies that benefit older persons. Policy efforts made by Governments were often wide-ranging and innovative, and focused on (a) establishing new social protection mechanisms (such as social pensions in some developing countries or reforms to stabilize existing retirement and pension schemes in the more developed regions); (b) extending health-care benefits to older persons; (c) adjusting labour markets and care systems to correspond to accelerated demographic ageing; (d) increasing the participation of older persons in various areas of society, including promoting the employment of older persons; (e) giving attention to training in geriatrics and gerontology; (f) preventing discrimination against and abuse of older persons; (g) establishing intergenerational solidarity programmes; and (h) enhancing the awareness of ageing-related issues.

26. Along with these achievements and efforts, commonly mentioned obstacles to the full implementation of the Madrid Plan of Action included: (a) limited coverage of older persons by formal social protection schemes, particularly in developing countries, coupled with declines in informal systems of social protection owing to migration and changes in family structures; (b) lack of access to adequate care and health services for older persons; (c) insufficient participation of older persons in political, economic, social, and cultural areas of societal life; (d) limited possibilities for older persons in continuing education and training; (e) a need to improve independent living arrangements of older persons to allow ageing in place; (f) investment in empowering older persons to claim their rights as citizens; (g) greater participation by older persons in evaluating current policies and programmes concerning demographic ageing; (h) an increased focus on the needs of rural older persons; and (i) a need to enhance mainstreaming of concerns of older persons. Lack of age-disaggregated data, and existing capacity limitations represent a major stumbling block.

27. The potential to overcome these obstacles is promising, judging from the most recent responses from an ongoing survey by the United Nations on world population policies which reflected Governments' level of concern regarding the transformation of the age-structure of the population, especially the growing proportion of the population age 60 or over.[6] According to the survey, in 2007, more than half of reporting countries described population ageing as a major concern, which demonstrates a growing commitment to the issue of population ageing. Developed countries identify population ageing as the second most critical demographic issue, after the HIV/AIDS epidemic, with four fifths of those countries considering population ageing to be a major concern. Among developing countries, 45 per cent had a similar assessment of population ageing, although that varied considerably by region. Among countries in Latin America and the Caribbean, for instance, 70 per cent considered population ageing to be a major concern.

III. Capacity development: national and international aspects

28. The Madrid Plan of Action emphasized that enhanced and focused international cooperation could further the implementation process and called upon the international community to assist developing countries and countries with economies in transition in their implementation efforts. The road map for the implementation of the Madrid Plan of Action (A/58/160, sect. III) identified national capacity-building and mainstreaming of ageing into national development agendas as two major facets of the implementation process. In the light of the recommendations of the Madrid Plan, essential elements of national capacity development in the area of ageing include legal and institutional infrastructure; availability of human resources; mobilization of financial resources; research, data collection and analysis; and a sound policy process, including the use of mainstreaming (see A/61/167, sects. I and II). In its resolution 61/142, the General Assembly encouraged Governments to pay greater attention to building capacity to eradicate poverty among older persons, particularly older women, by mainstreaming ageing issues into poverty eradication strategies and national development plans.

29. Several United Nations entities have been active in the area of capacity development in the follow-up to the Second World Assembly on Ageing. Most of these entities have been working within their traditional areas of expertise, including data collection and analysis (Population Division of the Department of Economic and Social Affairs as well as the United Nations Statistics Division, United Nations Population Fund (UNFPA)); formulation and promulgation of national population policies and programmes, including on issues related to demographic ageing, and training of personnel (UNFPA); provision of recommendations to individual Member States on how to strengthen their national employment and labour-market policies (International Labour Organization (ILO)) and to promote the integration and participation of older persons in rural development and food security strategies (Food and Agriculture Organization of the United Nations (FAO)). The World Health Organization (WHO) has focused its attention on several capacity-building initiatives encompassing primary health-care services for older persons, support for active ageing in urban areas (an "age-friendly cities" project), and integration of health and social care policies. The World Bank has been providing substantive and

[6] *World Population Policies 2007* (United Nations publication, Sales No. E.08.XIII.8), p. 10.

technical support for countries undertaking reforms of their pension systems. The regional commissions of the United Nations have worked to elaborate and promulgate regional implementation strategies for the Madrid Plan of Action, including approaches for the first cycle of the review and appraisal of the Plan. However, lack of resources has made direct technical assistance to Member States sporadic at best.

30. Several international non-governmental organizations (NGOs) have been working with Governments and national NGOs towards mainstreaming ageing into national development planning (HelpAge International) and promoting evidence-based policy design and implementation (the International Association of Gerontology and Geriatrics, and the International Federation on Ageing).

31. Since the adoption of the Madrid Plan of Action, the Department of Economic and Social Affairs has assisted several Member States in their implementation of the Plan. The focus of technical cooperation is to develop or strengthen national capacity to respond to the challenges and opportunities of population ageing. Two sources for financing technical cooperation activities have been utilized: the Department's Regular Programme of Technical Cooperation and, since 2006, a Development Account project entitled "Capacity-building to integrate older persons in development goals and frameworks". Countries where activities have taken place include Armenia, Cameroon, Egypt, Grenada, Kazakhstan, Kenya, Kyrgyzstan, Moldova, Senegal, Saint Kitts and Nevis and Trinidad and Tobago.

32. As a result of a joint Department of Economic and Social Affairs-UNFPA advisory mission to Armenia in 2007, the Government has decided to develop a national strategy on ageing based on evidence obtained from a national survey on ageing, which was completed in June 2008. The data will be presented at a workshop later in 2008.

33. In 2007 the Department also organized a mission to Cameroon that engaged the Government and civil society in a needs-assessment exercise. The Government is currently conducting a survey of NGOs working on ageing issues in the country as a prelude to carrying out participatory stakeholder consultations in each region to provide input to the drafting of a national plan of action on ageing. A needs assessment was also undertaken in 2007 in Grenada and a workshop was held to produce a first draft of a national plan of action on ageing. Following consultations with Department staff, the Government of Kyrgyzstan established an inter-ministerial working group that produced a draft plan of action on ageing. In Senegal, a workshop was held in 2007 which produced a draft plan on a national policy on ageing. And in June 2008, a stakeholder workshop was conducted to assist the Government of Saint Kitts and Nevis to revise and finalize a draft policy on ageing initially produced in 2005. The needs assessment missions undertaken to Moldova in April 2008 and to Kazakhstan in June 2008 helped those Governments to identify priorities for further action on ageing. Follow-up activities in Moldova will include assistance for establishing an analytical centre to support policy development. In Kazakhstan, envisaged activities are focused on mainstreaming ageing into demographic policies and programmes.

34. To help Governments in their capacity development efforts, the *Guide to the National Implementation of the Madrid International Plan of Action on Ageing*[7] has

[7] Available from http://www.un.org/esa/socdev/ageing/documents/papers/guide.pdf.

been prepared by the Department of Economic and Social Affairs in cooperation with leading scholars and practitioners in the area of ageing. The *Guide* presents a framework that can be used by Governments and other stakeholders to develop effective age-specific policies and to mainstream ageing concerns into all aspects of development and policymaking. It covers such areas as promoting a harmonious relationship between development and demographic change; making social protection work effectively for older persons; taking account of population ageing in health policy; exploring different aspects of caregiving and service provision in different settings, and ensuring the social inclusion and political participation of all older persons.

35. Apart from the above-mentioned *Guide*, a preliminary technical online publication prepared in the context of Development Account activities aimed at integrating older persons in development goals and frameworks and based on the experience of the Department of Economic and Social Affairs working with Governments at the national level since 2003 is now available.[8] Subject to feedback from stakeholders and experience obtained at the country level, it may be amended and expanded.

36. In the course of capacity development activities, a number of key constraints regarding the capacity of countries to address the issues of ageing of their populations have been identified. Chief among these are a lack of capacity to develop specific, comprehensive policies on ageing; a scarcity of ageing-specific data and information; insufficient awareness of the benefits of social inclusion and the integration of older persons; a lack of tangible efforts to engage or include older persons in policy processes; difficulties in translating existing strategic documents into concrete implementation measures; and resource constraints.

37. Based on an analysis of information gathered during the first cycle of the review and appraisal, it is possible to envisage the principal content of future technical cooperation activities. Those activities should be aimed at assisting Governments to incorporate mainstreaming, participatory and evidence-based approaches as essential tools for designing, and implementing and monitoring policy and programmes on ageing. In order to assist Governments in developing and utilizing these approaches, technical cooperation measures should focus on training as one of the most effective capacity-building mechanisms. It is expected that focused international cooperation would help consolidate limited funding and improve coordination in technical cooperation activities between traditional partners, such as the Department of Economic and Social Affairs, UNFPA and the regional commissions, and simultaneously encourage new multilateral and bilateral donors to become engaged.

[8] Available from http://www.un.org/esa/socdev/ageing/documents/building_natl_capacity/guiding.pdf.

IV. Outline of a proposed strategic implementation framework for future implementation of the Madrid International Plan of Action on Ageing

38. The General Assembly, in its resolution 62/130, requested the Secretary-General to submit to the Commission for Social Development at its forty-seventh session a strategic implementation framework, based on an analysis of national activities since 2002, in order to provide identification of policy priorities for the future, including the identification of measures for international cooperation to support national implementation activities.

39. As noted in Commission for Social Development resolution 46/1,[9] the Secretary-General is requested to consult with Governments and intergovernmental organizations, including organizations of the United Nations system, taking into account the contributions of academia and non-governmental organizations, in particular those that work with and for older persons, on the substantive and practical content of the framework.

40. To facilitate the consultation process, a general outline of the strategic implementation framework is provided in the present report. Comments, feedback and recommendations regarding the proposed framework are welcome so that it can be refined to better correspond to the needs of all stakeholders.

A. Purpose and objectives of the framework

41. The strategic implementation framework strives to identify a specific focus for the next stage of the implementation process and proposes measures to streamline the implementation of the Madrid Plan of Action towards the end of its first decade in 2012. In that regard, the strategic implementation framework should be viewed as a promotional document rather than a technical one.

42. Whereas the *overall* objective of the framework is to provide guidance to Member States in the implementation of the Madrid Plan over the next several years, it underscores a number of more *specific* objectives as well. The first review and appraisal exercise provided an opportunity for stocktaking and an analysis of lessons learned; the framework will build on those findings and help to chart a course for the next phase of the implementation process. To that end, the framework will focus on two *major dimensions* of the implementation process: determining key priority areas to focus on in the second half of its first decade; and building national capacity on ageing issues.

43. Although the focus will be on national implementation activities, another objective of the framework is to improve international cooperation on ageing, including the institutional capacity of the United Nations system to support national policy efforts on ageing. This will include, for example, maintaining and strengthening the role of the United Nations focal points on ageing to enable them to fulfil their responsibilities for furthering the implementation of the Madrid Plan of

[9] *Official Records of the Economic and Social Council, 2008, Supplement No. 6* (E/2008/26), chap. I, sect. C.

Action following the priorities and approaches to be outlined in the strategic implementation framework.

B. Structure and major elements of the framework

44. It is proposed that the strategic implementation framework be structured according to the following four elements. First, the framework would determine *key priorities* to focus on in the next five years. Secondly, there would be a selection of *principal approaches* to advance within those key priority areas. Next, the framework would place emphasis on developing national targets and indicators to measure progress in the implementation process. Finally, it would suggest measures to improve international cooperation on ageing.

1. Determining key priority areas to focus on in the next five years

45. In determining future national action on ageing, it is first essential to confirm the priority directions and goals of the Madrid International Plan of Action on Ageing. Although all of the goals and objectives described in the Madrid Plan of Action remain valid, Member States may choose to select specific priorities on ageing as their primary focus in the near future. This will enable countries to channel their efforts and resources to areas where they are needed most, and have the greatest potential to show measurable results over the next five years of the implementation process.

46. In selecting a limited number of priorities to focus on, Member States should place particular emphasis on choosing those that are realistic, feasible and have the greatest likelihood of being achieved in the years ahead.

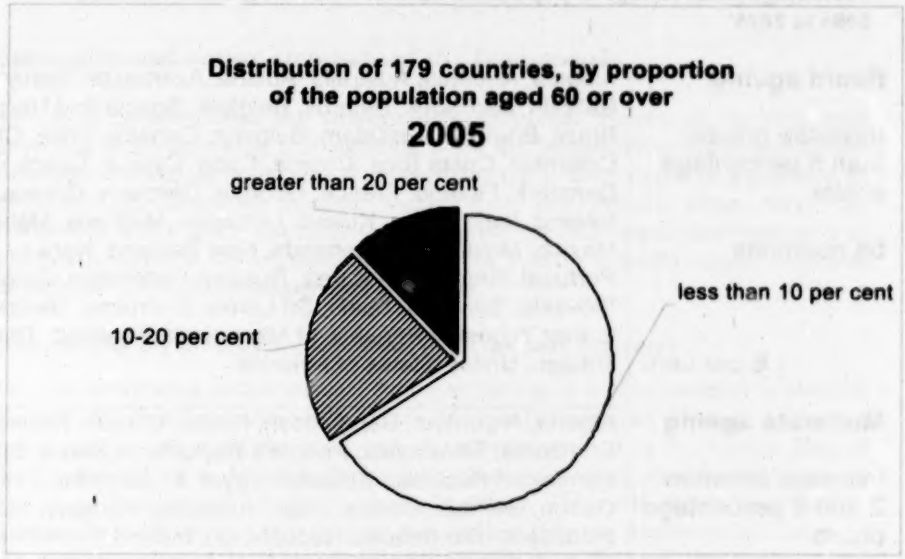
47. The priorities on ageing may be determined in part by which stage of the ageing process a country is in — whether it is the midst of rapid ageing (as in most developed countries), moderate ageing (as in many middle-income countries), or slow ageing (as in most low-income countries). Figure 1 indicates that the pace of demographic ageing from 2005 to 2025 will vary by country, with the population aged 60 or over in some countries expected to grow slowly (less than a 2-percentage point change), in others moderately (between 2 and 6 percentage points), while in others rapidly (over 6 percentage points). Although the majority of countries currently have less than 10 per cent of their populations aged 60 or over, this will shift considerably by 2025, when older persons will constitute at least 10 per cent of the populations of most countries, and more than 20 per cent in a rapidly growing number of countries. Figure 2 provides the actual (2005) and projected (2025) distribution of persons aged 60 or over. In the context of that anticipated demographic transformation, the following are illustrative examples of the types of priorities that countries may wish to choose.

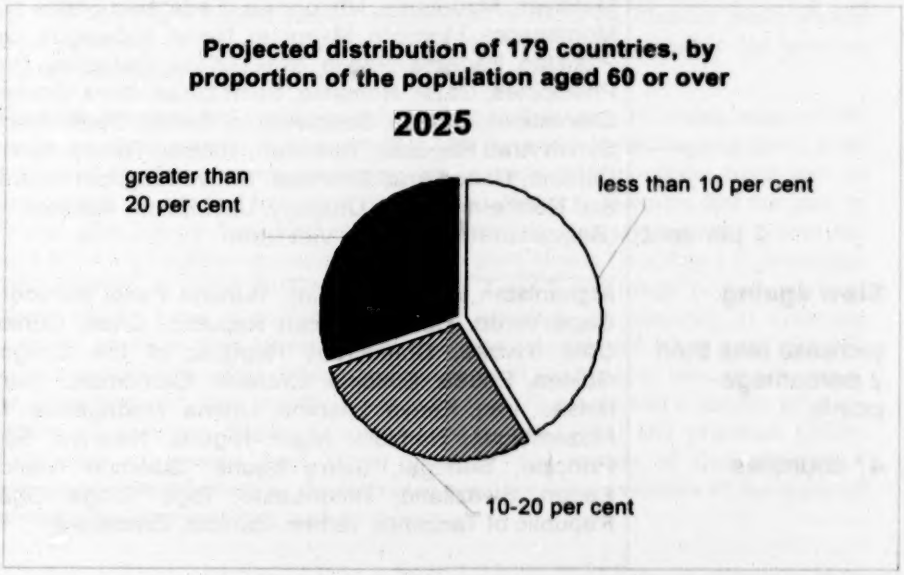
Figure 1
Percentage point change in population aged 60 or over for 179 countries, 2005 to 2025

Rapid ageing Increase greater than 6 percentage points 58 countries 6 per cent	Albania, Armenia, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belarus, Belgium, Bosnia and Herzegovina, Brazil, Brunei Darussalam, Bulgaria, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Finland, France, Georgia, Germany, Greece, Guyana, Iceland, Italy, Japan, Kuwait, Lithuania, Malaysia, Malta, Mauritius, Mexico, Moldova, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Russian Federation, Singapore, Slovakia, Slovenia, Spain, Sri Lanka, Suriname, Switzerland, the former Yugoslav Republic of Macedonia, Thailand, Trinidad and Tobago, United States of America
Moderate ageing Increase between 2 and 6 percentage points 74 countries 2 per cent	Algeria, Argentina, Bangladesh, Belize, Bhutan, Bolivia, Botswana, Cambodia, Democratic People's Republic of Korea, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Fiji, Gabon, Gambia, Ghana, Haiti, Honduras, Hungary, India, Indonesia, Iran (Islamic Republic of), Ireland, Israel, Jamaica, Jordan, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Latvia, Lebanon, Libyan Arab Jamahiriya, Luxembourg, Maldives, Mauritania, Micronesia (Federated States of), Mongolia, Montenegro, Morocco, Myanmar, Nepal, Nicaragua, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Romania, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Serbia, South Africa, Sweden, Syrian Arab Republic, Tajikistan, Tunisia, Turkey, Turkmenistan, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, Uruguay, Uzbekistan, Vanuatu, Venezuela (Bolivarian Republic of), Viet Nam
Slow ageing Increase less than 2 percentage points 47 countries	Afghanistan, Angola, Benin, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Equatorial Guinea, Eritrea, Ethiopia, Grenada, Guatemala, Guinea, Guinea-Bissau, Iraq, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Solomon Islands, Somalia, Sudan, Swaziland, Timor-Leste, Togo, Tonga, Uganda, United Republic of Tanzania, Yemen, Zambia, Zimbabwe

Note: Data for all figures are derived from *World Population Prospects: The 2006 Revision*, Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat (2007). The 179 countries represent United Nations Member States for which data are available.

Figure 2


Distribution of 179 countries, by proportion of the population aged 60 or over
2005
greater than 20 per cent
less than 10 per cent
10-20 per cent


Projected distribution of 179 countries, by proportion of the population aged 60 or over
2025
greater than 20 per cent
less than 10 per cent
10-20 per cent

Note: Data for all figures are derived from *World Population Prospects, The 2006 Revision*, Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat (2007). The 179 countries represent United Nations Member States for which data are available.

48. Rapidly ageing countries may be inclined to pay greater attention to the promotion of healthy lifestyles and active ageing through a life-cycle approach to health and well-being. Aside from "adding life to years", such an approach could help to stem escalating health-care costs, which is a major preoccupation among developed countries. Extending the number of years of healthy living could also relieve the potential care burden associated with the rising population of the "oldest old" aged 80 and over. Countries experiencing rapid ageing may also continue to make adjustments to their income security programmes, including pension plans and social security systems, so that they will remain viable for increasing numbers of retirees in the future.

49. Moderately ageing countries may choose to focus on constitutional and legislative changes to protect the rights of older persons, including provisions against neglect, abuse and violence. As older persons begin to constitute a significant portion of the population in these countries, it will become increasingly important to have a legal framework in place to protect their rights and guarantee their participation in decision-making over policies that affect them. At the same time, these countries may wish to bolster their efforts to promote more positive images of ageing, especially in economies in transition where older persons have not always been portrayed in a constructive way.

50. Slower ageing countries may consider placing added emphasis on ageing as a development concern, so that ageing issues become more integral to the achievement of development goals, particularly in view of the culmination of the Millennium Development Goals process in 2015. In so doing, policymakers in these countries could draw attention to the relationship between ageing and poverty, and work to ensure that poverty eradication efforts are geared towards benefiting older persons as well. Furthermore, these countries could give proper recognition and appreciation for the important social and economic contributions that older persons make to development, including in their roles as unpaid caregivers.

2. Selecting principal approaches for national policy actions

51. To help to advance the achievement of the priorities on ageing, Member States can choose four principal approaches for national policy actions on ageing. These four approaches may correspond to the following areas: awareness-raising; mainstreaming ageing; empowering older persons; and strengthening national capacity on ageing.

52. Although six years have passed since the convening of the Second World Assembly on Ageing, awareness of the Madrid Plan of Action remains limited. A number of initiatives can be advanced to draw greater attention to the plan's multifaceted dimensions, including strengthening networks of national focal points on ageing, working with the regional commissions, and enlisting the help of the Department of Public Information of the Secretariat to expand media coverage on ageing issues.

53. Mainstreaming ageing into the broader policymaking discourse is also an ongoing challenge. While programmes and policies targeted specifically to older persons continue to be valid, it is also important for Member States, particularly those with limited resources, to incorporate an ageing dimension into broader social and economic development policies. Examples from countries that have successfully mainstreamed ageing concerns can be very useful in this exercise.

54. Empowering older persons to become full and active participants in society is at the core of the Madrid Plan of Action, and future implementation strategies could focus on two principal approaches: protecting the rights and dignity of older persons and ensuring positive yet realistic images of ageing and older persons in the society. Member States can ensure that a proper legal framework exists to defend the rights of older persons, guarantee that they have a voice in policymaking that affects them, and encourage the promotion of positive and balanced images of ageing.

55. Successful implementation of the Madrid Plan of Action hinges to a large extent on the capacity of national Governments to effectively respond to ageing issues. As such, considerable attention should be paid to raising national capacity on ageing, including by investing in human resources, building institutional infrastructure, mobilizing financial resources, and placing greater emphasis on research, data collection and analysis.

3. Setting national targets and indicators for measuring progress

56. The development of goals and targets is essential for measuring progress in the implementation process. Governments can begin by reaching consensus on a limited number of targets and indicators that are feasible to measure in the short and medium term. This would involve relying upon existing data and information sources — whether from Governments, NGOs, or international organizations — rather than trying to construct new ones. A next step would be identifying areas in which additional data collection is needed, and then developing a plan and a budget for gathering that information.

57. Targets should be accompanied by a time frame for implementation, along with a series of operational steps that would describe such things as: the purpose; the current situation; the lead agency responsible; data collection and research needs; strategies for disseminating information collected and analysed; training courses needed; institutional infrastructure required; and funding needs and possible fund-raising initiatives. A preliminary group of indicators has already been presented in the *Guidelines for review and appraisal of the Madrid International Plan of Action on Ageing bottom-up participatory approach*,[10] and this can help to provide direction to countries as they set their own national targets and indicators for measuring progress in the implementation process.

4. Proposing measures to improve international cooperation on ageing

58. An added objective of the framework is to increase international cooperation to support national implementation activities. National capacity on ageing can be strengthened through various forms of international assistance, including the formation of partnerships at national and international levels; support for research and evidence-based policy; technical cooperation activities; training programmes; and financial assistance. These may involve technical advisory missions to Member States upon request, as well as multilateral and bilateral assistance to countries in carrying out policies and programmes on ageing. International NGOs such as HelpAge International as well as the International Association of Gerontology and

[10] Available from http://www.un.org/esa/socdev/ageing/documents/MIPAA/GuidelinesAgeingfinal13%20Dec2006.pdf.

Geriatrics, and the International Federation on Ageing will also continue to play an indispensable role in advancing the global ageing agenda.

59. The framework can also explore the achievements of and obstacles to international cooperation on ageing, including the network of United Nations entities, regional commissions, international and national NGOs, bilateral cooperation and academia. Using those findings as a basis, Member States can determine what they want in terms of future international cooperation, which may range from additional assistance with national capacity-building to forums for exchange of information and experience.

C. Procedure for elaborating the strategic implementation framework

1. Build on major achievements

60. Through the first review and appraisal process of the Madrid Plan of Action, Member States were able to identify some of the major achievements in the area of ageing since 2002. Those included, for example, growing attention to the need for income security for older persons, resulting in the development of social pension plans in countries where they did not exist previously, as well as efforts to shore up pension plans in countries where they currently exist so that they will be solvent for future generations. Other achievements were the promulgation of a number of laws to promote the non-discrimination of older persons.

61. In planning for the next five years of the implementation process, Member States can build on those achievements. Part of this process involves identifying which policies and programmes were successful, and perhaps more importantly, determining why they were successful. In some cases, it may have been through the efforts of various stakeholders, including organizations of older persons; while in others, financial considerations may have been the decisive factor.

2. Focus on overcoming major obstacles

62. The strategic implementation framework can also benefit from examining the obstacles and shortcomings uncovered during the review and appraisal process. While solutions may not be readily evident, understanding the source of the problems can be an important part of developing a strategy for overcoming them.

63. Among the most persistent obstacles to full implementation of the Madrid Plan of Action include: a continued lack of political will to address ageing issues; a lack of financial and human resources; and a lack of preparedness for long-term care services for older persons. As part of the strategic implementation framework, Member States could attempt to devise strategies for overcoming those obstacles to increase the likelihood of successful implementation in the years ahead.

V. Recommendations for future action

64. Building on the lessons learned from the first global review and appraisal exercise, **the General Assembly may wish to recommend to Member States to devise strategies for overcoming obstacles to the implementation of the Madrid Plan based on life-course and intergenerational solidarity approaches in order to increase the likelihood of greater success in the years ahead.**

65. **The General Assembly may wish to request the Secretary-General to translate the *Guide to the National Implementation of the Madrid International Plan of Action on Ageing* into all official languages of the United Nations so that it can be used more effectively by Member States.**

66. As outlined in the strategic implementation framework, **Member States may wish to place particular emphasis on choosing national priorities that are realistic, feasible and have the greatest likelihood of being achieved in the years ahead. Member States may also wish to develop targets and indicators to measure progress in the implementation process. Additionally, Member States are encouraged to present their views on the outline of the strategic implementation framework so that they can be reflected in the final draft of the framework to be presented to the Commission for Social Development in February 2009.**

67. Furthermore, **the General Assembly may wish to recommend to Member States to increase awareness-raising of the Madrid Plan of Action, including by strengthening networks of national focal points on ageing, working with the regional commissions, and enlisting the help of the Department of Public Information to expand media coverage on ageing issues.** To facilitate this, **Member States may wish to reaffirm the role of United Nations focal points on ageing, to increase technical cooperation efforts, to expand the role of the regional commissions on ageing issues and provide added resources for those efforts, to facilitate the coordination of national and international NGOs on ageing, and to enhance cooperation with academia on a research agenda on ageing.**

68. **With regard to the celebration of the sixtieth anniversary of the Universal Declaration of Human Rights, the General Assembly may wish to request the Secretary-General to submit to the General Assembly, at its sixty-fourth session, a report specifically on the rights of older persons.**

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Sixty-third session
Item 50 (b) of the preliminary list*
Macroeconomic policy questions

The international financial system and development

Report of the Secretary-General

Summary

The present report, submitted in response to the request contained in General Assembly resolution 62/185, complements the reports of the Secretary-General on the follow-up to the outcome of the International Conference on Financing for Development and on the debt crisis and development. It reviews recent trends in international official and private capital flows to developing countries and international policy challenges arising from the financial crisis, which are critical in expanding the flow and stability of development financing. The report highlights the critical role of multilateralism in addressing current economic challenges facing the international community.

* A/63/50.

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I. Net transfer of financial resources of developing and transition economies

A. Continued increase in net resource outflows from developing countries in 2007

1. Developing countries continued to make increasing substantial net outward transfers of financial resources to developed countries, reaching $792 billion in 2007 (see annex). In contrast to 2006, the rate of increase in the volume of net transfers has moderated and remains mainly concentrated in Eastern and Southern Asia. Compared to previous years, Latin America and Africa have experienced declines in net resource outflows. Estimates for 2008, however, show that the current trend will reverse for Western Asia and Africa as increasing revenues in oil-exporting countries will significantly contribute to the accumulation of international reserves and net resource outflows from these regions. Net transfers from countries with economies in transition declined from $125 billion in 2006 to $100 billion in 2007, mainly owing to the reduction of the trade surplus in the Russian Federation. A preliminary assessment of net transfers from economies in transition in 2008 indicates a return to levels of previous years.

2. The paradoxical net flow of financial resources from poorer to richer countries has contributed to the pattern of global imbalances, characterized by a large current account deficit in the United States of America and corresponding surpluses in Chile, China, other emerging market economies and oil-exporting nations such as the Russian Federation and Saudi Arabia. In the light of rising financial instability and the global economic slowdown, the risk of a disorderly unwinding of global imbalances has increased.

3. The increase in net outflows in 2007 has been accompanied by continued substantial net private capital inflows to all developing country subgroupings. These private capital inflows are propelled by the abundant global liquidity financed by the aforementioned imbalances and by disequilibrating capital flows centred on the "carry trade" — where investors seek to make a return by borrowing in low yielding currencies and using the funds to buy and lend in higher yielding currencies, thereby earning the spread between the two yields, but remaining subject to exchange rate fluctuations. The expansion of private capital flows has enabled emerging economies to sustain their growth path and helped these countries stay resilient in the face of the ongoing turmoil in developed country financial markets caused by the sub-prime mortgage crisis. However, the increased exposure to these flows leaves developing countries vulnerable to sudden changes in investor sentiment and to a possible deterioration in global financial market conditions. Moreover, emerging markets will not be immune to the economic slowdown in the major economies and potential global deflationary repercussions that emanate from it.

4. Given the recent turmoil in developed countries' credit markets, public investments from emerging markets appear to have played an important stabilizing role in ensuring that contagion did not spread to Government bond markets in developed countries. Moreover, owing to the unprecedented build-up of international official reserves, emerging economy Governments have increasingly taken long-term equity positions in developed countries' financial markets through

sovereign wealth funds. The substantial investments by these funds have been important stabilizers for distressed financial institutions in developed countries.[1]

B. Increased private sector flows in the context of uncertainties and downside risks in the world economy

5. In the current financial turmoil, developing countries have so far proved to be much better prepared than in previous crises. Large currency reserves, improved macroeconomic fundamentals and strong economic growth in emerging economies have all helped to sustain high levels of private capital flows. The limited impact of global financial turbulence on emerging market countries can be explained by the concentration of disruptions mainly in innovative credit instruments in developed countries' financial markets, rather than in those of developing countries.

6. The substantial increase in private capital flows to developing countries has taken place despite evident increased caution on the part of international investors. Some supply-side factors continue to favour institutional investors from advanced countries seeking portfolio diversification and higher returns, as well as sovereign investors from the Middle East and other regions recycling oil-based surpluses. The main risk associated with portfolio equity flows to developing countries in the midst of slowing growth is increased risk aversion, suggesting that the threat of a reversal remains considerable.[2]

7. Foreign direct investment in developing countries, as well as in transition economies, increased sizeably in 2007 and was not noticeably affected by the financial and credit crises. Recent foreign direct investment is broadly based, particularly bolstered by the buoyant profits of transnational corporations and high commodity prices. Both factors strengthened foreign direct investment flows to resource-rich countries in Africa, Latin America and Western Asia. The increase in foreign direct investment (FDI) flows in 2007 was fuelled by a sharp increase in cross-border mergers and acquisitions, which have since declined with the beginning of the financial turmoil in developed countries' financial markets. The observed increase in net flows of foreign direct investment (FDI) into developing countries is net of their own increased outward investments. While firms from East and South Asia have been investing actively in other developing countries in extractive industries, telecommunications and financial services, their mergers and acquisition purchases in developed countries are also on the rise.

8. External debt issuance by developing countries has declined sharply since the beginning of the financial and credit crises for two reasons. One factor is a decreased need for bond finance, due to the increased availability of non-bank debt-related flows through local currency markets. In Latin America, for example, flows into local markets from non-bank private investors now constitute one of the most significant forms of capital inflows. This has led to the reduction of currency mismatches, even though these markets are characterized by short-term maturities. A second reason for lower external debt issuance is the increase of spreads on emerging market bonds. While spreads on sovereign bonds have widened only

[1] United Nations, *World Economic Situation and Prospects 2008* (New York, 2008).

[2] International Monetary Fund, *Global Financial Stability Report: Containing Systemic Risks and Restoring Financial Soundness* (Washington, D.C., 2008).

moderately from their historically low levels prior to the financial turmoil in 2007, developing country corporate borrowers are bearing increased additional interest fees on their external borrowings. According to the International Monetary Fund (IMF), corporate debt accounted for 80 per cent of bond issuance during 2007. Should these spreads widen further, credit demand will be pushed into domestic banking systems and increase domestic funding pressures.

9. Net commercial bank lending to emerging market economies has been quite stable despite the weakness in mature credit markets. However, the surge in commercial lending by banks in advanced countries to economies in transition over the past several years is giving rise to concerns about excess accumulation of debt in some of these nations. For many domestic banks in Eastern Europe, credit growth has far outpaced growth in domestic deposits. Given that a substantial part of bank funding is being obtained on international wholesale markets, these institutions have become vulnerable to financial turmoil. A partial near-term withdrawal from emerging markets might be possible, as banks in developed countries tighten credit criteria and assume more risk-averse postures while replenishing reserves after sharp losses in sub-prime securities.

10. Recently published data[3] on issuance in international syndicated loan, bond and equity markets by issuers domiciled in emerging market countries indicate that conditions have shifted significantly since the financial turbulence started in August 2007. A comparison of the period from September 2007 to February 2008 with the same period a year earlier indicates that equity issuance has increased about 30 per cent, while syndicated bank lending has fallen by 24 per cent and bond issuance has decreased by 53 per cent. While the data may reflect lower demand for bond finance as much as reduced supply and do not account for a possible shift from cross-border to domestic financing during the observed period, the change in conditions clearly indicates a turnaround in international financial markets. While a moderation in net private capital flows, which could be exacerbated by a global economic slowdown, may be under way in 2008, the current surge in equity-related flows may give rise to new sources of vulnerability for developing countries.

11. In comparison to the financial environment prior to the East Asian crisis, emerging markets are no longer mainly exposed to short-term external debt, but rather to cross-border equity capital flows. While portfolio equity flows like FDI have been characterized as long-term investments, financial liberalization and innovation have undermined this distinction. Investors can borrow against illiquid, long-term liabilities, create liquid short-term counterparts and exit equity positions in a short period. Given that emerging markets appear to serve as a new safe haven for equity-related funds for many investors as long as high uncertainty and pessimistic prospects in developed country financial markets prevail, these developments add to the risk that emerging economies may be confronted with volatile external financing conditions and capital reversals in the near future.

12. Against a backdrop of continuing weakness in global financial markets, threats to systemic stability have intensified. Strong capital inflows and rising inflationary pressures in emerging economies, due to higher food and energy prices, are leading to expectations that policymakers in these countries will increase domestic interest

[3] Institute of International Finance, Inc., *Capital Flows to Emerging Market Economies* (Washington, D.C., 2008).

rates or allow for more currency appreciation. While these expectations could fuel more speculative inflows, they will pose policy challenges for monetary authorities, particularly in current-account deficit countries, but even in countries that have borrowed in local currencies. Moreover, cross-border carry trades, which have gained in importance in recent years, are another area of concern for emerging economies, particularly because of the risk of increased exchange rate volatility. Government authorities should proactively address misaligned incentive structures and increased financial risk in the global economy through counter-cyclical policies and prudential regulation.

C. Shortfalls in performance against official development assistance targets

13. If the commitments made at the International Conference on Financing for Development, held at Monterrey in 2002, and the G8 summit held at Gleneagles in 2005 are taken as the benchmark, official development assistance (ODA) (at constant prices) from major donors should increase by more than 60 per cent over six years from 2004 to a total of $130 billion by 2010. Half way through this period, ODA from the Organization for Economic Cooperation and Development (OECD) donors has only risen by 15 per cent. Aid to sub-Saharan Africa has increased at a faster rate, but still not fast enough to double to $50 billion in real terms by 2010, as pledged at Gleneagles.

14. The impulse for a revival in assistance from OECD countries implied by the Monterrey Consensus has been weaker in the past two years. Net ODA from OECD countries rose from $58.3 billion in 2002 to $107 billion by 2005, but has since declined to $104.4 billion in 2006 and $103.7 billion in 2007. As a proportion of donors' gross national product (GNP), ODA from major donors dropped after inching up in 2005 to 0.33 per cent of donors' aggregate GNP — to 0.31 per cent in 2006 and to 0.28 per cent in 2007. The average country effort stands at 0.45 per cent while only Denmark, Luxembourg, the Netherlands, Norway and Sweden have reached the United Nations target of 0.7 per cent.

15. Total aid from the United States of America, the largest donor, has doubled in real terms since 2000 and it is on track on its pledge to double aid to sub-Saharan Africa by 2010. Nevertheless, in 2007, its total net ODA declined by 9.9 per cent in real terms, which aid excluding debt relief also declined, with its ODA to GNP ratio at 0.16 per cent. The net ODA of Japan fell by 30.1 per cent in real terms in 2007, resuming a downward trend since 2000, temporarily interrupted by the 2005/06 rise in debt relief. As a result, the ODA to GNP ratio of Japan reached 0.17 per cent and the country's declared intention to achieve an overall volume increase of $10 billion over the period 2005-2009 looks difficult to achieve.

16. In 2007, the United Kingdom of Great Britain and Northern Ireland also reduced its aid, which now stands, after debt relief is excluded, at 0.36 per cent of its national income, just half of its Gleneagles target of 0.7 per cent by 2013, although substantial increases have been programmed up to 2010/11. The decline in 2007 in the aid of France from its current 0.39 per cent share of GNP has also fallen short of its Gleneagles promise to achieve a target of 0.5 per cent of its national income by 2007 and the EU commitment of 0.51 per cent by 2010, embraced by the new Government of France.

17. Total aid from European Union (EU) member countries, accounting for 60 per cent of OECD Development Assistance Committee (DAC) ODA, fell by 5.8 per cent in real terms in 2007 to 0.40 per cent of their combined GNP. There are, however, some developments. Excluding debt relief, EU ODA increased by 8.8 per cent while net ODA from the European Commission rose by 3 per cent. Nine EU countries have increased ODA, although some still fall short of their expected minimum level as EU members or their Gleneagles promises. Germany increased its aid in 2007 by $1.9 billion, with a further increase expected in 2008, while Spain increased its net ODA by 34 per cent to $2.2 billion. Canada is keeping pace with its promise to double aid by 2010 and there has also been moderate progress by other non-G8 donors, such as Australia, Austria, Ireland and New Zealand.

18. Development cooperation by non-DAC partners has been growing strongly, even though the total volume is still small. Disbursements by these donors have been increasing in recent years, reaching an estimated $8.5 billion, or 7.5 per cent of total aid flows in 2006, of which about $7.1 billion came from other developing country contributors. Some recent studies put the latter's disbursements at around $9.2 to $11.8 billion, which would make their share in total aid flows rise to between 7.6 and 9.6 per cent as of 2006. Currently, the largest donors from the South, each providing at least $1 billion per year, are China, India, Saudi Arabia and Venezuela, and if the recent large pledges materialize, the total flows might grow to around $15 billion by 2010. The last two of these contributors from the South have achieved the target of 0.7 per cent of national income. In addition, some non-DAC countries have made substantial progress in 2007, although from a relatively small base, for example the Republic of Korea raised its aid by 43 per cent, Lithuania by 74 per cent and Latvia by 23 per cent.

19. Overall, most donors are not on track to meet their commitments to scale up aid unless they make unprecedented increases in their aid budgets. The most recent OECD survey of donors' future spending plans up to 2010, however, show that planned spending still leaves a shortfall of about $38 billion in donor budgets in 2007 dollars, if the goal of substantially increasing aid by 2010 is to be met. This is a challenge the world is facing on the eve of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (the Doha review conference).

II. Strengthening the international financial architecture

20. In the period under review, the international community's attention was riveted on financial system weaknesses sparked by the turmoil in the sub-prime mortgage market in the United States. Efforts to craft and implement policy responses to the crisis have exposed additional policy challenges related to: improving the governance structure of the international financial institutions; strengthening the foundations of surveillance and policy cooperation on key systemic issues; exploring the role of official financing of emerging market and developing countries; and clarifying the modalities of engagement with low-income countries. These have been the focal points of recent discussions directed at strengthening the international financial system.

21. The current financial crisis highlights, once again, the multilateral aspects indispensable in building and sustaining sound financial markets. For example, at

the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, held on 14 April 2008, the potential flaws of uncoordinated, unilateral regulatory reform were underlined in the following terms:

(a) it would imply ignoring the reality of globalized financial markets where differences in market regulation and oversight could create competitive distortions and the opportunity for costly regulatory arbitrage;

(b) the country would miss the opportunity to learn from policymakers in other parts of the world, particularly with respect to how markets work and respond under stress;

(c) financial markets reacted more favourably when authorities acted in concert.

Participants in the meeting noted that the current turmoil offered an opportunity to forge a new common approach and stressed that it was important not to let that opportunity to reform the international financial architecture slip by (A/63/80-E/2008/67, para. 41).

A. Crisis in the credit markets: policy challenges

22. Over the past several years, the combination of strong global growth, relatively low interest rates and associated stepped-up demand for riskier assets with higher yield as well as rapid financial innovation led to significant relaxation of lending standards and global under-pricing of credit risk. The correction of these accumulated weaknesses began in the spring of 2007 and, in July and August, in the context of uncertainty regarding the creditworthiness of many United States and European financial institutions, caused severe interruptions in the functioning of financial markets. Rising defaults in the United States sub-prime mortgage market provided the trigger for a widespread credit and liquidity squeeze.

23. The turmoil in global financial markets has demonstrated that increased use of newly invented risk transfer instruments in globalized markets carries a number of serious shortcomings, both in the markets themselves and in the regulatory and supervisory systems. Significant flaws in the originate-to-distribute (as opposed to the originate-to-hold) model have surfaced. In the originate-to-hold model, lenders (normally banking institutions) keep the loan assets on their balance sheets and thus have a stronger incentive to undertake rigorous credit analysis. In moving to an originate-to-distribute model, lenders (some are not banking institutions and hence not subject to regulatory oversight) package the forecasted stream of earnings from these loan assets and sell them to other investors. The creation of loans for immediate securitization and sale has reduced the incentives for originators to maintain high credit standards and adequately assess the creditworthiness of borrowers. There is a wide agreement that regulation should restore incentives for loan originators to maintain credit quality and properly incorporate risk in asset pricing.

24. Another issue related to securitization concerns the measure and concentration of risk that the banks involved in origination actually take on. The belief among market participants and regulatory agencies that the globalization of markets and

diversification of instruments would automatically spread the sharing and dispersion of risk in the financial system has proved unfounded. It has become evident that risk remained concentrated with the largest banks, especially when they had to perform on back-up lines of credit for off-balance sheet conduits or special investment vehicles during episodes of market stress. This has effectively put credit risk back on banks' balance sheets.

25. The recent market turbulence has highlighted the lack of transparency, both in the new instruments themselves and in markets more broadly. As the crisis unfolded, investors realized that they were much less informed than they had thought about the nature of the assets they had bought. The complex structure of the asset-backed instruments and the lack of transparency with regard to the underlying assets made these instruments very difficult to price, especially when market liquidity dried up under stress. There is recognition that a certain degree of standardization of securitization packages and reporting may be required, as is the case in other markets. Financial instruments need to be structured in such a way that market participants can clearly see what they are buying.

26. At the same time, concerns have increased about the lack of transparency regarding where the risks, which are widely distributed among investors all over the globe by means of securitization, reside in the financial system. For instance, the pre-Basel II banking sector reporting requirements do not allow for a full assessment of banks' exposure to structured products or of the extent to which they have to take on their balance sheets loans and liquidity commitments in the event of financial stress. Uncertainty about the location and size of potential losses has contributed significantly to elevated risk aversion, the sudden liquidity crunch and major disruptions in the money and credit markets.

27. Recent events have drawn attention to the value of credit ratings and the role of credit rating agencies in the regulatory process. As the crisis has unfolded, it has become increasingly clear that credit rating agencies' ratings for complex securities were not appropriate. The potential conflict of interest within the credit agencies' business model might also have hampered proper due diligence, particularly with regard to structured finance instruments. Investors must be discouraged from relying almost exclusively on credit ratings and must be urged to take more responsibility for their own diligent research and risk assessment.

28. In response to challenges posed by the recent market turbulence, the United States and European monetary authorities have injected unprecedented amounts of liquidity (in the case of the United States, at lowered interest rates) at various points, in many cases in a coordinated manner, to prevent the seizing up of their financial markets. Also, in February 2008, the Government of the United Kingdom was compelled to nationalize the Northern Rock bank; and, in March 2008, to prevent a much broader liquidity crisis, the United States Federal Reserve supplied term funding to facilitate the JPMorgan Chase purchase of Bear Stearns, a prominent investment bank.

29. Since the last quarter of 2007, many financial institutions in the United States and Europe have undertaken major recapitalizations to repair their balance sheets, damaged by massive losses, by obtaining cash infusions, including from sovereign wealth funds. In the short term, the most important task is to restore confidence in the financial institutions by means of realistic asset pricing, full loss disclosures and

replenishment of capital buffers, as well as through central bank liquidity operations.

30. While a process of financial rehabilitation has begun, these actions need to be reinforced by measures to address the underlying causes of the disruptions. To that end, the final report on this issue by the Financial Stability Forum[4] was presented in April 2008 and endorsed by the G7 Ministers and Central Bank Governors and the International Monetary and Financial Committee of the Board of Governors of IMF. It sets out policy recommendations on: prudential oversight of capital, liquidity and risk management; transparency, disclosure and valuation policies; the role and uses of credit ratings; the authorities' responsiveness to risks and their arrangements to deal with stress in the financial system.

31. The G7 has also identified a number of recommendations by the Financial Stability Forum considered immediate priorities for implementation before the end of summer 2008. These include prompt and robust risk disclosures; improvement of the accounting, disclosure and valuation standards for off-balance sheet entities; strengthening risk management practices, including liquidity risk management; and revision of the code of conduct for credit rating agencies.

32. The report of the Financial Stability Forum emphasizes the importance of prompt implementation of the Basel II framework, based on the argument that a new framework may help make the capital base more reflective of the changing risk profile of banks and may also serve to institute incentives for better risk measurement and management, especially in the area of securitization exposures and liquidity lines. Basel II rules require that banks disclose more information on their risk profile and the nature of such exposures than called for under Basil I. However, there is also a need for important revisions to Basel II to amplify the impact of changing market values on the financing activities of banks.

33. Meanwhile, the Basel Committee on Banking Supervision is working on several outstanding issues, including: strengthening the capital treatment of less liquid, complex, credit products and of liquidity facilities extended to support off-balance sheet vehicles; improving banks' risk management practices; and enhancing market discipline through better disclosure and valuation practices.

34. In recent years, there has been an important shift in credit intermediation to financial institutions which have not been subject to regulatory oversight. As a result, a significant share of financial market activities is beyond the focus of regulators and supervisors. Accordingly, there have been calls for such institutions that perform functions similar to those of regulated entities to be subject to comparable disclosure and regulatory requirements in order to reduce regulatory arbitrage.

35. The unprecedented liquidity injections by central banks around the world have raised the issue of appropriate and effective approaches to joint central bank interventions in global financial markets in time of systemic stress. An important point here is how to design actions to return the system to stability without undue moral hazard. Central banks have the responsibility to ensure the continued functioning of financial markets. In highly stressed financial conditions, this may

[4] "Report of the Financial Stability Forum on enhancing market and institutional resilience", 7 April 2008, available from www.fsforum.org.

require extraordinary measures. However, this involves a very delicate balancing act: overly aggressive interventions rescue careless operators, who have taken on too much risk, and will be perceived as a guarantee against failure. This will increase the risk of similar or even more severe risk-taking in the future.

36. The measures identified by the international community to strengthen the global financial system, basically confined to better disclosure, prudential controls and risk management, may not go far enough in addressing the inherent pro-cyclicality of the financial system, which tends to foster asset price bubbles. Regardless of the specific sources of disturbances, almost all episodes of systemic financial distress have at their root very rapid credit growth, excessive risk-taking and over-extension of balance sheets in good times, masked by the strength of the real economy and extraordinary increases in asset prices.

37. Recent developments have highlighted the importance of expanding the macro-prudential tools of current regulatory frameworks. The approach is to encourage the build-up of sufficiently high buffers (capital requirements) in good times, when the market price of risk falls and imbalances develop, in order both to restrain access during upswings and to provide a greater cushion against losses when disruptions occur. While financial leverage is a key ingredient of the private risk-taking necessary for investment and economic growth, it also tends to amplify both booms and downturns. By developing policy instruments to lower or raise margin or capital requirements depending on the specific situation, authorities will be able to utilize market incentives to reduce systemic risk.

38. The crisis has highlighted the importance of greater international cooperation in financial sector monitoring and regulation, which, while remaining basically national in nature, has considerable cross-border effects. It has also demonstrated the importance of better coordination and interaction among supervisors, regulators, central bankers and finance ministries within individual countries, as cooperation at the international level is only as good as cooperation at the domestic level. Efforts need to be intensified to strengthen national and international arrangements for information-sharing and to coordinate actions among the agencies responsible for supervisory oversight, provision of liquidity and bank soundness.

B. Governance reform at the Bretton Woods institutions

39. By the voting deadline of 28 April 2008, governors from 180 of 185 member countries of IMF had cast their votes on the proposed resolution on the IMF quota and voice reform package. Of these, 175 countries — representing 93 per cent of total voting power in the Fund — voted in favour of the package. Three countries voted against, two abstained and five did not vote.

40. The package includes a second round of ad hoc quota increases of close to 10 per cent, based on a new quota formula; the tripling of basic votes; and the appointment of a second Alternate Director for constituencies consisting of at least 19 members. Also, in the resolution, the Executive Board is requested to recommend further realignments of members' quota shares in the context of future general quota reviews, beginning with the fourteenth general review of quotas in 2013, to ensure that members' quota shares adequately reflect their relative positions in the world economy.

41. The new quota formula is based on updated and modernized versions of the four variables included in the old formulas — GDP, openness (the annual average of the sum of current payments and receipts), variability (the variability of current receipts and net capital flows) and official reserves. Unlike in the old formulas, purchasing power parity now plays a role in measuring gross domestic product (GDP): the GDP variable is calculated as a blend of GDP at market exchange rates and GDP at PPP rates. Also, the new formula contains a compression factor to moderate, to some extent, the role of the economy's size.

42. The realignment of quota and voting shares will lead to a net increase of 2.7 percentage points in the voting share of emerging markets and other developing countries as a whole. This very modest increase became possible only with the use of the compression factor; the application, to several emerging market and developing countries, of greater weight to the purchasing power parity GDP measure than for other countries; and, most importantly, the willingness of several advanced countries to forego part of the quota increases to which they became eligible.

43. These ad hoc adjustments indicate that the new formula per se did not achieve the stated goal of providing a simpler and more transparent means of reflecting members' relative positions in the global economy. Indeed, without these alterations, the voting shares of developing and emerging market countries would have actually declined by 1.6 percentage points.

44. The reform package recognizes the need for changes of the formula in the future. According to the Executive Board, further work is necessary on measuring trade openness; the treatment of intra-currency union flows; the method of capturing financial openness; and the measure of variability for reflecting members' potential need for Fund resources.

45. The tripling of basic votes will raise this share in total voting power from about 2 to 5.5 per cent. This move strengthens the representation of low-income countries. There is also a provision that this ratio of basic votes to total voting power will be maintained in the future. Nevertheless, the move only partly offsets the prior decline of basic votes as a share of total voting power. In the first decade of IMF, this share was as high as 11 per cent, despite its starting membership of 44, compared to the current membership of 184.

46. Quotas and voting shares are only one aspect of IMF governance. The other is the composition and size of its policymaking organ, the Executive Board, which were not addressed in the reform package. Recently, there has been a proposal for a reduction in the 24-chair Board, to 22 chairs in 2010 and 20 in 2012, that would, however, preserve the number of developing-country and emerging market-country chairs. A more balanced and a smaller Board may contribute significantly to transforming the Fund into a more effective global institution.

47. In sum, the agreed changes in members' quota and voting shares are too modest to have a significant impact on how the Fund operates. The small step forward in voting reform, taken with great difficulty and controversy, underlines the enormous political challenge confronting member countries in recasting global governance in a manner responsive to early twenty-first century realities.

48. Owing to the decline in demand for Fund resources since the late 1990s and the resulting fall in income from lending operations, the institution is currently

running a deficit. This is jeopardizing its ability to play a credible role in the international financial system. Agreement was recently reached on new expenditure and income measures. Expenditure will be reduced by 14 per cent ($100 million) in real terms over the next three years. A new income model was installed which moves away from primarily lending-based income to more predictable and sustainable investment-based sources. On 5 May 2008, the Board of Governors approved a broadening of the Fund's investment authority.

49. The World Bank has launched its own process of voice and participation reform. At its 2007 annual meeting, the Development Committee welcomed an options paper on voice and participation[5] detailing a two-stage timetable for possible actions. The proposal reflects the Bank's specificities, needs and mandates, most notably those related to the International Development Association (IDA) and the focus on poverty reduction.

50. According to the paper, the first phase would include changes in basic votes, greater representation of developing and transition country nationals in management positions, improvements in Board effectiveness and composition, selected IDA issues and special majorities. The second phase will focus on a selective capital increase, the review of the role of the IDA Board and Deputies, and the process for the selection of the President of the Bank.

51. The Development Committee also acknowledged that further consultations would be necessary to reach a political consensus. At its spring 2008 meeting, the Committee asked the Bank's Board to prepare concrete options by the 2008 annual meeting with a view to reaching consensus on a comprehensive package by the spring 2009 meeting.[6]

52. The outcome of the Fund's quota and voice reform is likely to exert a strong influence on the direction of the Bank's actions. It should be recognized, however, that the Bank has a manifestly different mandate so that, following precedents set in other development financing institutions, it can consider voting weights of at least 50 per cent for its developing country members, which are the main users of its funds.

C. Multilateral surveillance

53. Surveillance remains central to the International Monetary Fund's responsibilities in the international monetary system. The major thrust of the ongoing reform of the IMF surveillance is strengthening the analysis of macro-financial linkages, integrating multilateral perspectives into bilateral surveillance and sharpening the monitoring of financial markets. It is recognized that the Fund will need to develop new and better analytical instruments, including extension of the vulnerability exercise to advanced countries. It will also need to improve its

[5] "Voice and participation of developing and transition countries in decision-making at the World Bank. Options paper", 11 October 2007, background report prepared by the staff of the World Bank for the Development Committee meeting, available from www.worldbank.org.

[6] Communiqué of the Development Committee, the Joint Ministerial Committee of the Board of Governors of the Bank and the Fund on the transfer of real resources to developing countries, Washington, D.C., 13 April 2008, available from www.imf.org.

understanding of transmission mechanisms within global financial markets and between financial markets and the real economy.

54. One of the most important areas of the Fund's work is surveillance over the exchange rate policies of its members. The June 2007 Executive Board updating of the 1977 surveillance decision puts exchange-rate assessment at the centre of IMF surveillance. However, there exists a wide variance in views of the concept of misalignment. Some experts even contend that estimating the amount of currency over- and undervaluation is not at all possible. The results of calculations are very sensitive to various assumptions. The problem is that even information drawn from a variety of models will not provide a definitive answer and must be supplemented by assessments based on additional considerations regarding other causes behind the exchange rates' deviations from calculated ostensible equilibrium values. Hence, given the considerable uncertainties and the subjective nature of misalignment estimates, these results could hardly serve as the basis for assessing countries' policies.

55. Implementation of the new decision can impose undue pressure on developing and emerging market countries pursuing export-led growth strategies, which in turn require maintenance of the long-run stability of competitive real exchange rates. Because many of these countries have open capital accounts subject to volatile flows, they often have to resort to policies that prevent excessive appreciation of their exchange rates. Moreover, more rigorous surveillance over systemically important countries issuing major reserve currencies is not likely, since the decision does not differentiate among countries in terms of their influence on systemic stability. This is at variance with the intended "even-handedness" of the new decision.

56. Owing to lack of consensus on many important issues, implementation of the 2007 decision on surveillance over members' exchange rate policies remains a work in progress. The prompt adoption of clear and detailed implementation guidelines acceptable to all members with different exchange-rate arrangements is critical.

57. In addition to the new surveillance decision, the IMF Executive Board reached an agreement on a "Statement of surveillance priorities" in the context of the 2008 triennial surveillance review. The fundamental goal of this effort should be to strengthen the spirit of cooperation by reaching a consensus among all members on the role of surveillance in helping Governments deal with the challenges of the integrated global economy.

58. The series of substantial equity contributions to troubled financial institutions in industrial economies has caused the sudden visibility of sovereign wealth funds from developing countries and numerous calls for the regulation of their activities. The International Working Group of Sovereign Wealth Funds, comprised of representatives of 25 IMF member countries, was established at a meeting held at the IMF headquarters in May 2008. The Group aims to agree on and present by October 2008 a common set of voluntary best practices for sovereign wealth funds. OECD has undertaken parallel work in drawing up a similar set of guidelines for recipient countries. The stated goal of both exercises is to forestall the risk of investment protectionism and to help maintain the free flow of cross-border investment as well as open and stable financial systems. It is important that the guidelines for sovereign wealth funds are not more onerous than for other large

institutional investors and do not introduce an element of bias and lack of even-handedness in financial surveillance.

D. Financing in times of crisis and for crisis prevention

59. The onset of the food crisis has reignited interest in mechanisms to protect developing countries, particularly low-income countries, from external economic shocks. Existing compensatory facilities do not provide sufficient resources relative to the shock and have high levels of conditionality, which limits their effectiveness for events beyond the control of affected countries. Countries have responded to shocks either by non-concessional borrowing or by tightening fiscal and monetary policy, thereby undermining their own reform processes in order to avoid the onerous conditionalities associated with existing facilities.

60. Heavy dependence on commodity exports is strongly associated with the external debt problem of developing countries. When international prices decline, commodity-dependent exporters have borrowed to pay for needed imports and to help finance domestic investment. The variability of commodity prices makes countries that are highly dependent on commodities unable to plan effectively on the basis of predictable income streams. It also makes them susceptible to terms-of-trade shocks that introduce high levels of uncertainty to their balance of payments and (indirectly) also have an impact on their fiscal positions, growth and poverty.

61. Protecting economic growth from commodity price changes in a manner which does not introduce debt vulnerabilities has long been a financing-for-development issue. In the long run, diversifying out of commodity export dependence into manufactured exports is the solution. In the short-run, the build-up of reserves during episodes of high prices to ride out the periods of price slumps is necessary. When there are insufficient reserves to address price declines, financing responses have to be consistent with the nature of the shock.

62. At the spring 2008 meeting, the Development Committee requested the Fund and the Bank to be ready to provide timely policy and financial support to vulnerable countries dealing with negative shocks, including from food prices.[7] Since early 2007, food prices have risen by close to 50 per cent. While supply-side factors vary, strong global demand, originating from fast-growing emerging economies, has been a decisive factor. Higher oil prices have also contributed by increasing production and distribution costs as well as the new demand for bio-fuel production. Portfolio speculation has played an increasing role in day-to-day movements of commodity prices. Continued demand pressures and lagging supply are expected to keep prices at high and possibly rising levels for quite some time.

63. Higher food prices would have serious negative consequences for least developed countries, particularly for net food importers. Most poor households in developing countries, especially the urban poor who are net food buyers, would be adversely affected. According to United Nations estimates, the surge in global food prices since 2006 has put an additional 109 million people at risk of falling under the $1 a day poverty line, with Africa being hardest hit.

[7] Communiqué of the Development Committee, the Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the transfer of real resources to developing countries, Washington, D.C., 13 April 2008, available from www.imf.org.

64. In June 2008, IMF doubled financial assistance to four low-income countries affected by food and fuel price hikes to cover rising import costs and was discussing additional support for another 11 countries. These are all countries already under IMF programmes.

65. While it is recognized that policy responses to higher food prices have to be tailored to the needs of each country, social assistance targeted at the most vulnerable groups is considered an important initial policy. Also, temporary tax and tariff cuts on food products could be used as supporting measures. Some countries have undertaken price and export controls to secure domestic supply and control consumer prices. Many observers have commented on these policies' potential to limit the availability of goods, thus creating further price increases at the regional and global level. Given that most developing countries are net food importers, these policies would be appropriate as short-term responses.

66. The World Bank announced on 29 May 2008 that it would support global efforts to overcome the global food crisis with a new $1.2 billion rapid financing facility to address immediate needs, including $200 million in grants targeted at the vulnerable in the world's poorest countries.

67. The Compensatory Financing Facility was a major IMF facility until 2000 when the programme was reviewed and amended. Since that time, IMF has provided liquidity for trade shocks for countries under the Poverty Reduction and Growth Facility. Even though it is concessional financing, it is not available to countries not part of the Poverty Reduction and Growth Facility and its financing is accessed under the conditionality of such a facility. The size of the financing has been found to be small in comparison to the shock. IMF created a new window, called the Exogenous Shocks Facility, at concessional rates for low-income countries facing exogenous shocks. It applies only to export, not import, price shocks, and would therefore not be available to countries facing higher import payments. It is viewed as a high-conditionality form of financing since it requires agreement on a programme (called the Policy Support Instrument) which effectively involves conforming to policies normally part of IMF programmes. When a shock occurs, adjustments to the Policy Support Instrument can be negotiated to trigger the Exogenous Shocks Facility financing. In fact, the Policy Support Instrument is suspended the moment an Exogenous Shocks Facility is approved. Exogenous Shocks Facility financing is limited to 25 per cent of quota. No country has used the Exogenous Shocks Facility.

68. Middle-income countries, particularly those with open capital accounts, have a specific interest in international facilities for responding to exogenous liquidity shocks. Emerging economies have made significant progress in improving their economic fundamentals and policymaking, and some have accumulated significant reserves. However, in the face of an exogenous stoppage in external funding, their domestic central banks are unable to inject sufficient liquidity in the form of domestic currency, since this will not only be inflationary, but can cause the domestic currency to depreciate and/or the domestic interest rates to rise considerably. Also, there is no guarantee that during a major capital reversal or global liquidity crunch domestic central banks will have sufficient reserves to provide emergency liquidity assistance in foreign exchange.

69. For these countries, IMF, along with regional reserve pooling arrangements, can potentially be an international lender of last resort. In this regard, there have

been proposals to increase normal access limits significantly above the current 300 per cent of quotas. Over the past 10 years, access limits — as a share of GDP, trade and capital flows — have declined for emerging market and developing countries. This has led to a more or less permanent need to provide exceptional access, with exceptional financial and political costs, for countries experiencing capital reversals. Despite the quota and voice reform package, the limits for non-exceptional access are likely to continue to shrink further in relation to members' potential needs. Accordingly, there is a view that quotas are not an appropriate measure on which to base access to Fund resources and that alternative measures should be explored.

70. In addition to increased normal access, there have been suggestions that the possibility be examined of providing the Fund with mechanisms for short- or very short-term loans to be granted rapidly to member countries affected by sudden international liquidity crunches. When a systemic financial crisis occurs, speed is critical for the restoration of confidence in the financial system. The faster the lending, the less the amount of money needed. The creation within the Fund of instruments for quick provision of liquidity, similar to those used by central banks of advanced economies to cope with the current turbulence, may be worth studying.

71. The Fund has been developing a new liquidity instrument, the Rapid Access Line, to meet the needs of developing and emerging market countries. Despite some support for the Rapid Access Line, there is still no consensus among Fund members regarding the costs and conditions associated with accessing the proposed facility.

E. Financing gender equality

72. In taking up the theme of "Financing gender equality", the Commission on the Status of Women, at its fifty-second session, held in New York in February and March 2008, expressed concern that insufficient political commitment and budgetary resources posed obstacles to promoting gender equality and women's empowerment, and continued to undermine the effectiveness and sustainability of both national mechanisms for the advancement of women and women's organizations in advocating for, implementing, supporting and monitoring the effective implementation of the Beijing Declaration and Platform for Action and the outcome of the twenty-third special session of the General Assembly. The Commission also expressed its concern about the growing feminization of poverty and called for the assignment of sufficient resources for gender equality and the empowerment of women and girls.

73. The Commission called for the scaling up of investment in gender equality and women's empowerment, including through mainstreaming a gender perspective in resource allocation and by ensuring the necessary resources for targeted activities for gender equality. It also recommended ways of ensuring resource allocation for economic policy and public finance management, specifically noting that national plans for promoting gender equality should be costed and their implementation adequately resourced.

74. The Commission identified the importance of developing and implementing methodologies and tools, including national indicators, for gender-responsive planning and budgeting in order to systematically incorporate gender perspectives into budgetary policies at all levels, with a view to promoting gender equality in all policy areas. The Commission called on Governments to identify and implement

development-oriented and durable solutions that integrated a gender perspective into the external debt and debt-servicing problems of developing countries, including least developed countries, inter alia, through debt relief, including the option of debt cancellation under official development assistance, in order to help them finance programmes and projects targeted at development, including the advancement of women.

III. Conclusions

75. **Both national and international prudential regulatory frameworks need to give more effective attention to the systemic components of risk build-up in financial markets, with particular focus on the inherent pro-cyclicality of financial markets.**

76. **In the context of integrated global markets, a cooperative and multilaterally coordinated approach to regulatory reform in the financial sector is indispensable.**

77. **The ongoing reform of the governance structures of the international financial institutions, which all parties agree are critical to the integrity of the international financial system, has taken only small first steps, and efforts in that regard should be intensified.**

78. **In terms of global financial stability, it is vital to reach, in a cooperative manner, a consensus on the role of IMF surveillance and its key responsibilities in the international financial system.**

79. **The international community should expand and strengthen instruments to support low-income countries facing sharp rises in food and energy prices.**

80. **In order to achieve the goal of reducing poverty, increased financing for gender equality should be a key feature of the financing for development process.**

Annex

Net transfer of financial resources to developing economies and economies in transition, 1996-2008

(Billions of United States dollars)

	1996	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*[a]
Developing economies	21.3	-3.5	-37.2	-118.9	-185.5	-153.9	-202.9	-295.1	-365.8	-562.3	-734.9	-792.3	-895.3
Africa	-8.3	-6.9	13.1	2.5	-31.4	-16.6	-5.0	-19.4	-36.1	-65.1	-77.8	-61.6	-105.1
Sub-Saharan (excluding Nigeria and South Africa)	5.2	7.1	12.0	9.1	3.0	7.2	4.6	5.9	2.7	-0.1	-6.9	-4.5	-15.2
Eastern and Southern Asia	19.3	-31.0	-127.9	-137.2	-119.8	-115.9	-144.4	-169.3	-175.5	-252.3	-372.8	-470.8	-458.7
Western Asia	10.8	11.8	34.5	6.7	-31.4	-24.4	-19.7	-43.9	-70.5	-136.3	-153.4	-158.3	-256.5
Latin America	-0.5	22.5	43.1	9.1	-2.9	3.0	-33.7	-62.5	-83.7	-108.6	-130.8	-101.5	-75.1
Economies in transition	-8.7	1.6	0.7	-25.1	-51.5	-33.3	-28.6	-39.0	-63.3	-100.8	-124.9	-100.4	-127.5
Memorandum item:													
Heavily indebted poor countries	6.8	7.2	8.5	10.6	8.2	8.9	10.6	10.2	10.5	14.3	12.9	21.1	25.7
Least developed countries	11.7	10.4	13.7	11.7	6.8	9.9	7.9	9.3	6.2	4.7	-2.7	-1.4	-8.1

Source: Department of Economic and Social Affairs of the United Nations, based on IMF, World Economic Outlook Database, April 2008 and IMF, Balance of Payments Statistics.

Note: The developing countries category does not include economies in transition; hence, data in this table may differ from those reported for country groupings in the IMF sources.

[a] Estimates.